BEFORE

THE PUBLIC SERVICE COMMISSION

OF SOUTH CAROLINA

DOCKET NO. 2019-185-E

IN RE: South Carolina Energy Freedom Act (H.3659) Proceeding to Establish Duke Energy Carolinas, LLC's Standard Offer, Avoided Cost Methodologies, Form Contract Power Purchase Agreements, Commitment to Sell Forms, and Any Other Terms or Conditions Necessary (Includes Small Power Producers as Defined in 16 United States Code 796, as Amended) - S.C. Code Ann. Section 58-41-20(A)	)	**DIRECT TESTIMONY OF STEVEN J. LEVITAS ON BEHALF OF SOUTH CAROLINA SOLAR BUSINESS ALLIANCE**

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. Steven J. Levitas. My business address is 130 Roberts Street, Asheville, North Carolina 28801.

Q WHAT IS YOUR OCCUPATION?

A. I am the Senior Vice President for Strategic Initiatives for Pine Gate Renewables, LLC.

Q PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I received a B.A. from the University of North Carolina at Chapel Hill in 1976 and a J.D. with Honors from Harvard Law School in 1982. After clerking for a federal district court judge, I spent four and half years as a commercial litigator before becoming Director and Senior Attorney in the North Carolina office of the Environmental Defense Fund, a national public interest advocacy organization. In 1993, North Carolina Governor Jim Hunt appointed me to serve as Deputy Secretary of the North Carolina Department of Environment, Health, and Natural Resources. Following my four-year tenure in that position, I spent the next twenty years as a partner in two private law firms where my practice was focused on environmental and energy matters. During the last six of those years, a particular emphasis of my practice was representing renewable energy companies, including the owners of "Qualifying Facilities" or "QFs" under the federal Public Utility Regulatory Policies Act of 1978 ("PURPA"), 16 U.S.C. §§ 824a-3 *et seq.*, in the negotiation of power purchase agreements ("PPAs") and renewable energy credit/certificate ("REC") purchase agreements with utilities, particularly with Duke Energy Carolinas and Duke Energy Progress (collectively, "Duke") in North and South Carolina. Over a period of several years, I was heavily involved in negotiations with

attorneys for Duke regarding the model PPA that is the basis for the Large QF PPA proposed by Duke in this proceeding. I was also frequently called upon to talk to investors and lenders about their requirements with respect to the terms and conditions of such agreements and to assist in resolving concerns about proposed agreements. In addition, I represented the North Carolina solar industry in connection with the North Carolina Utility Commission's ("NCUC") approval of standard offer PURPA PPA terms and conditions and represented a group of QFs in litigation against Dominion North Carolina Power before the NCUC concerning the formation of "legally enforceable obligations" or "LEOs" under PURPA.

I continue to be employed part-time by the law firm of Kilpatrick, Townsend & Stockton as Senior Counsel and in that capacity represent the North Carolina Clean Energy Business Alliance in the current biennial PURPA "avoided cost" proceeding, NCUC Docket No. E-100 sub 158, which deals with a number of issues similar to those presented in this proceeding.

Q PLEASE DESCRIBE YOUR EMPLOYMENT IN THE SOLAR INDUSTRY.

A. In January of 2016, I became Vice President for Business Affairs and General Counsel for FLS Energy, Inc. ("FLS"), a North Carolina-based utility scale solar developer. In that capacity, I continued to be involved with PPA and REC agreement terms and conditions. In addition to ongoing negotiations with Duke about PURPA PPA matters, I engaged in extensive PURPA PPA negotiations with attorneys for NorthWestern Energy in Montana and led FLS's successful challenge at the Federal Energy Regulatory Commission ("FERC") to the Montana Public Service Commission's unlawful implementation of PURPA.

In January of 2017, following the acquisition of FLS by Cypress Creek Renewables, I was appointed to the position of Senior Vice President for Regulatory Affairs and Strategy at Cypress Creek Renewables, a position I held until joining Pine Gate this month. In that capacity, I was responsible for and managed all aspects of policy, regulatory, and government affairs activity at Cypress Creek, including our work on policy development relating to PURPA policy and PPA terms and conditions in several states and at the federal level. Of particular note, I have been heavily involved on behalf of Cypress Creek and the solar industry in potential PURPA rulemaking at FERC, including playing a major role in the development of the Solar Energy Industries Association's extensive comments on PURPA reform recently filed at FERC and participating in more than dozen meetings with FERC Commissioners and staff regarding PURPA.

I have also had extensive involvement with PURPA matters in Michigan, including, in addition to the testimony I describe below, (1) representing the solar industry in largely successful negotiations regarding Consumers Energy Company's ("Consumers") proposed Standard Offer Tariff and Standard Offer Power Purchase Agreement ("Consumers PPA") in MPSC Case No. U-18090; (2) challenging Consumers' refusal to enter into PURPA PPAs with QFs owned by Cypress Creek; (3) playing a leading role in successful resolving Cypress Creek and other solar developers' disputes with Consumers about their rights under PURPA; and (4) being an active participant in the Michigan PSC's ongoing rulemaking concerning LEO formation.

I was also heavily involved with the development and passage of H.B. 589 in North Carolina, which modified the state's implementation of PURPA and was one of the

principal authors of the section of H.B. 3659 dealing with PURPA. Finally, I have been a frequent speaker and presenter on PURPA across the country.

Q ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am testifying on behalf of the South Carolina Solar Business Alliance.

Q HAVE YOU FILED TESTIMONY WITH THIS COMMISSION PREVIOUSLY?

A. No, but on two occasions I have participated in ex parte briefings to this Commission where the principal focus of my presentations was on PURPA.

Q HAVE YOU FILED TESTIMONY WITH OTHER PUBLIC SERVICE COMMISSIONS?

A. Yes. I filed Direct Testimony on April 11, 2018 in MPSC Case No. U-18090 regarding Consumer Energy Company's ("Consumers") proposed Standard Offer Tariff and Standard Offer Power Purchase Agreement ("Consumers PPA"). In my Direct Testimony, I described my concerns with multiple terms and conditions proposed in the Consumers PPA. I similarly filed Direct Testimony on April 23, 2019 in MPSC Case No. U-18091 regarding DTE Electric Company's proposed Standard Offer Tariff and Standard Offer Power Purchase Agreement.

Q WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. I will discuss and comment on Duke's proposed Standard Offer PPA and proposed Standard Offer Terms and Conditions, proposed "Notice of Commitment to Sell" form, proposed Large QF PPA, and certain aspects of its proposed solar integration charge.

Q ARE YOU SPONSORING ANY EXHIBITS?

A. Yes. I am sponsoring Exhibits Levitas-1, Levitas-2, Levitas-3 and Levitas-4. Levitas-1 is a redlined copy of the proposed DEC Standard Offer PPA (Wheeler DEC Exhibit 4)

reflecting proposed revisions to the PPA to address concerns discussed in my testimony. Levitas-2, Levitas-3 and Levitas-4 similarly markup and comment on DEC's proposed Standard Offer Terms and Conditions (Wheeler DEC Exhibit 6), proposed Large QF PPA (Johnson DEC/DEP Exhibit 2), and proposed Notice of Commitment to Sell Form (Johnson DEC/DEP Exhibit 1), respectively. My comments on the two DEC Exhibits apply with equal force to the companion DEP documents.

Q COULD YOU EXPLAIN THE BASIC PURPOSE AND REQUIREMENTS OF PURPA?

A. PURPA was enacted by Congress in 1978 and amended most recently in 2005. A major purpose of Section 210 of PURPA is to diversify the nation's electric energy supply by requiring electric utilities to purchase the output of small (i.e., less than 80 MW) independently owned alternative energy projects (referred to "Qualifying Facilities" or "QFs") at the cost the utility would otherwise incur to generate power itself or purchase it from other sources – referred to as the utility's "avoided cost." Congress required FERC to establish broad guidance regarding the implementation of PURPA, which it has done through rulemaking and numerous orders, but left many of the details of PURPA implementation to the states, subject to compliance with FERC's directives. There are several aspects of PURPA that are particularly relevant to this proceeding. First, based on its view that smaller QFs would have a particularly difficult time negotiating with large monopoly utilities, FERC has required state commissions to adopt pre-approved avoided cost rates for QFs with a capacity of 100 kW or less – referred to as the "standard offer" – and has given states the authority to extend the standard offer to larger QFs. 18 C.F.R. § 292.304(c). States also may establish standard PPA terms and conditions for any size QF.

Second, also out of a concern about utility bargaining power and potential recalcitrance, FERC has provided that a QF, in the absence of a formal contract, may obligate a utility to purchase its power at the current avoided cost rate by unequivocally committing itself to sell that output to the utility, thereby establishing a LEO to sell power to the utility, and for the utility to purchase that power. 18 C.F.R. § 292.304(d); *JD Wind 1, LLC*, 130 FERC ¶ 61,127, 61,631 (2010). Finally, FERC has ruled that PURPA PPAs must be of sufficient length to give the QF a reasonable opportunity to attract capital for its project. *Windham Solar LLC & Allco Fin. Ltd.*, 157 FERC ¶ 61,134 at para. 8 (Nov. 22, 2016).

Duke's Standard Offer PPA and Terms and Conditions

Q WHAT ARE SOME OF THE KEY ELEMENTS OF DUKE'S PROPOSED CHANGES TO ITS EXISTING STANDARD OFFER PPA AND TERMS AND CONDITIONS?

A. Among other things, Duke seeks to (1) to redefine the "Nameplate Capacity" of the Facility to include its DC rating (as well as AC capacity), (2) to create a new defined term ("Existing Capacity") equal to the Facility's "estimated annual energy production" stated in the PPA, (3) to prohibit a "Material Alteration" to the Facility without Duke's consent, with "Material Alteration defined to include (a) the addition of a Storage Resource, (b) an increase in the AC capacity or DC rating of the Facility, (c) an increase to the Existing Capacity of the Facility, and (d) a decrease in Existing Capacity by more than 5%. The anticipated effect of these changes would be to require any QF seeking to modify its Contract Capacity or Nameplate Capacity (including its DC rating), to increase its annual energy production above an estimated value, or seeking to add storage to enter into a new PPA at current avoided cost rates.

Q WHAT IS SCSBA'S POSITION REGARDING THESE PROPOSED CHANGES?

A. SCSBA does not disagree with Duke's terms that clearly provide that a Facility's AC Contract Capacity may not be modified without the Company's consent (Terms and Conditions § 1(i)) or exceeded without an amendment to the PPA (*id.* § 4(a)). In fact, Duke has proposed some helpful changes to the terms and conditions dealing with Contract Capacity that eliminate ambiguity on this issue contained in prior versions of the Terms and Conditions. However, there is no basis for prohibiting changes in a Facility's DC rating and thereby limiting efficiency improvements to the Facility.[1] The sole reason for such a limitation would be to prevent the QF from increasing its energy output at a given AC capacity and thereby increasing output at prior avoided cost rates. That goal can be fully accomplished by a clear maximum annual energy production value that may not be exceeded without a PPA amendment or the Company's consent, which, as discussed below, SCSBA does not oppose.[2]

While SCSBA believes that Duke's proposed limitation on changes to a Facility's DC rating should be deleted in its entirety, if it is retained in should be modified in two respects. First, a reduction in DC capacity, which could be necessary if the Facility footprint must be downsized during the development process, has no bearing on the concerns expressed by Duke and should not be prohibited or require the Company's consent. Second, some increase in a solar facility's DC rating (not affecting its AC capacity) may occur during the development process or as a result of equipment replacement over time. To address, this

[1] The DC module array nameplate rating of utility-scale solar facilities is typically sized larger than the AC capacity in order to generate as close to the facility's full AC rating for more hours during the day, thus increasing the system's capacity factor and making its output more reliable.

[2] It should also be noted that under PURPA DC rating is irrelevant to eligibility thresholds based on Facility capacity.

fact, any limitation on DC rating should be expressed as a maximum DC:AC ratio of 1.5 (to allow for improvements to currently prevailing standards).[3] As long as this allowance is defined and known in advance, and is coupled with a maximum annual energy production limit, it in no way undermines the goal Duke seeks to advance.

Q DOES SCSBA SUPPORT THE INCLUSION OF A MAXIMUM ANNUAL ENERGY PRODUCTION VALUE IN THE STANDARD OFFER TERMS AND CONDITIONS?

A. Yes, but there are several serious problems with the way in which Duke seeks to accomplish this objective. First, any maximum, not-to-be-exceeded level of annual energy production should be stated as just that – a maximum, not an estimate. An estimate is by definition an imprecise value that cannot serve as a bright-line standard for contractual compliance. This is particularly true since the production of solar facilities varies from year to year with changes in weather and insolation and typically declines somewhat over time as panel efficiency degrades.

In addition, Duke has not explained how a maximum (or estimated) annual energy production value would or should be determined. It is SCSBA's understanding that in the past (i) the QF has simply filled in the blanks in Paragraph 1.4 of the form PPA, and (ii) Duke has not typically questioned or sought to enforce those values. However, in the interest of clarity, and in furtherance of Duke's goal to limit the ability of the QF to make unlimited increases in its energy production, SCSBA recommends that the contract

[3] The average DC to AC ratio of U.S. utility-scale solar facilities reached 1.32 in 2017. Source: Lawrence Berkeley National Laboratory. "Utility-Scale Solar: Empirical Trends in Project Technology, Cost, Performance, and PPA Pricing in the United States – 2018 Edition." 2018. Available at https://emp.lbl.gov/sites/default/files/lbnl_utility_scale_solar_2018_edition_report.pdf.

documents include a bright-line value that allows for a modest increases in production over a reasonable baseline. Specifically, SCSBA recommends that the maximum annual energy production be calculated as follows:

[Nameplate Capacity(AC) x 8760 x .30] x 1.10

This formula estimates the output of the facility based on a 30% performance factor and then allows the QF to exceed that amount by a maximum of 10%. This would provide QFs with a reasonable amount of operating flexibility but not unlimited ability to increase their output at existing PPA rates.

Q WHAT IS SCSBA'S POSITION WITH RESPECT TO DUKE'S PROPOSED PROHIBITION ON REDUCTIONS IN ANNUAL ENERGY PRODUCTION?

A. Duke's proposed wording would also have the effect of prohibiting more than a 5% reduction in annual energy production. This has nothing to do with Duke's stated objective of ensuring that it not be required to purchase additional energy at out-of-date rates and departs from Duke's long-standing practice of not imposing a minimum annual energy production value in standard offer PPAs. This element of the proposed definition of "Material Alteration" should be deleted.

Q WHAT IS SCSBA'S POSITION ON DUKE'S PROPOSED PROHIBITION ON STORAGE ADDITIONS?

A. Duke's attempt in various ways to prohibit the addition of Storage Resources and other modifications to the Facility after PPA execution is both inappropriate and unnecessary. As previously discussed, a maximum annual energy production value limit accomplishes the objective of limiting increased output above that level. Any concerns about technical or operational impacts of equipment modifications are appropriately addressed under the

Commission's Interconnection Procedures and the parties' interconnection agreement. The only other consideration is whether there is any basis for precluding time-shifting (*i.e.*, changing the periods during which a facility puts power on the grid, generally to better coincide with times of peak demand) without the Company's consent. However, but there are substantial benefits to both the QF and the ratepayer of increasing the portion of delivery on-peak, and there is no reason that Duke should be able to block storage additions that facilitate time-shifting.

Making it more difficult for QFs to add storage resources or operate their facilities more efficiently is also bad public policy. Such resources offer numerous benefits, including the potential to mitigate the impacts of solar intermittency and to allow energy to be delivered when it is most needed. Accordingly, the addition of such resources when economically feasible should be encouraged, not discouraged. As previously mentioned, a reasonable maximum annual energy production value that would apply notwithstanding a storage addition or other equipment modifications is the most efficient and reasonable way to protect ratepayers from stale rates.

Q DOES DUKE'S CURRENT STANDARD OFFER PPA PROHIBIT (1) INCREASES IN A FACILITY'S AC NAMEPLATE CAPACITY, OR (2) INCREASES IN DELIVERED ENERGY ABOVE AN ANNUAL MAXIMUM?

A. The current standard offer PPA does prohibit exceeding the AC nameplate capacity but does not include a maximum annual generation amount or prohibit such a value from being exceeded.

Q WHAT DOES DUKE'S CURRENT PPA SAY WITH RESPECT TO ANNUAL ENERGY PRODUCTION?

A. The PPA includes an estimated annual energy production value and says that the estimate may not be changed without Duke's consent.

Q IS THAT THE SAME THING AS SAYING THAT A MAXIMUM PRODUCTION VALUE MAY NOT BE EXCEEDED?

A. Not in my opinion. Words have meaning and lawyers know how to draft contracts that say what they mean. A provision that an estimate may not be changed should certainly not be read to mean that the estimated value may not be exceeded.

Q WHY IS AN ESTIMATE INAPPROPRIATE AS A PRODUCTION LIMITATION?

A. As previously mentioned, an estimate is just that – and approximation, not a hard value. Estimates are by definition sometimes not met and sometimes exceeded. That is especially true in this context where it is well known that the production of solar facilities varies from year to year based on a variety of factors and declines over time as equipment ages.

Q DOES DUKE'S PROPOSED LARGE QF PPA INCLUDE A MAXIMUM ANNUAL ENERGY PRODUCTION LIMIT?

A. No, it does not. It includes annual estimates of energy generation that are used solely for the purpose of calculating a minimum output requirement that the facility must achieve on a rolling two-year basis or pay liquidated damages.

Q DO YOU BELIEVE THAT THE TEN-YEAR CONTRACT TERM PROPOSED BY DUKE IS COMPLIES WITH PURPA?

A. As I previously explained, FERC requires that PURPA PPAs be of sufficient length to give QFs a reasonable opportunity to attract capital to finance their projects. That ability turns on the relationship between contract length and contract price. That is, in general, the lower the price the longer the term that will be required to support financing. That's because at

a lower price it takes a longer time to generate the same amount of revenues to service debt and pay equity investors. Other witnesses will be discussing this issue in more detail, but I want to make the point that PPA tenor cannot be considered in a vacuum. Other things being equal, given Duke's aggressively low proposed avoided cost rates and proposed solar integration services charge, longer tenor will be needed than would be the case with a higher avoided cost rate. I also think that ability to attract capital should be considered with respect to an average QF developer, not the most sophisticated ones of those with the lowest cost of capital.

Duke's Large QF PPA

Q DOES THE OPINION YOU JUST PROVIDED WITH RESPECT TO PPA TENOR APPLY WITH EQUAL FORCE TO DUKE'S PROPOSED LARGE QF PPA?

A. Yes it does.

Q IN YOUR OPINION IS DUKE'S PROPOSED LARGE QF PPA COMMERCIALLY REASONABLE?

A. I think it is commercially reasonable in most but not all respects.

Q IN WHAT RESPECTS DO YOU THINK IT IS NOT COMMERCIALLY REASONABLE?

A. The Large QF PPA imposes substantial liquidated damages on a Seller which is unable to meet its "Commercial Operation Date" or "COD" milestone and allows for termination of the PPA if the Seller misses the COD date by more than 180 days.

Q WHAT DAMAGES DOES DUKE'S PROPOSED LARGE QF PPA IMPOSE IN THE CASE OF A QF'S FAILURE TO ACHIEVE TIMELY COD?

A. Duke's proposed Large QF PPA provides for liquidated damages for a QF who fails to achieve timely COD in the amount of 2% of the projected revenues over the life of the contract. I would expect that to be a six-figure amount for any large QF and approaching $1.5 million for the largest ones.

Q DO YOU THINK THIS IS A REASONABLE MEASURE OF DAMAGES?

A. No, I do not. First, I think it is likely far in excess of any actual damages Duke would incur as result of a QF project failing to be placed in service. In South Carolina as in other jurisdictions, liquidated damages are a permissible remedy only to the extent they are reasonable in light of the harm actually caused by the breach. S.C. Code Ann. § 36-2-718; *Tate v. LeMaster*, 231 S.C. 429, 441, 99 S.E.2d 39, 45-46 (1957). Second, I see no rationale for calculating liquid damages as a percentage of revenues to be paid to the Seller over the life of the contract. Third, I think the liquidated damages amount is inconsistent with, and higher than, the COD liquidated damages amounts contained in prior Duke negotiated PPAs. Finally, I would note that these liquidated damages are substantially higher than the ones contained in the PURPA PPAs the solar industry negotiated with Consumer Energy in Michigan.

Q WHAT WOULD YOU CONSIDER A MORE REASONABLE AND APPROPRIATE MEASURE OF LIQUIDATED DAMAGES FOR FAILURE TO ACHIEVE TIMELY COD?

A. I think the value of $5,000 per MW AC contained in the Consumers PPAs is reasonable up to the first 20 MW of AC capacity. Above 20 MW, I would recommend liquidated damages in the amount of $2,000 MW AC. Linking the liquidated damages to project

capacity rather than project revenues bears a closer relationship to any actual damages that Duke might suffer in the event of default.

Q DO YOU OBJECT TO OTHER ASPECTS OF DUKE'S PROPOSED REMEDIES FOR FAILURE TO ACHIEVE TIMELY COD AND OTHER EVENTS OF DEFAULT?

A. Yes. The PPA affords the Seller no relief from liquidated damages and PPA termination where the delay is caused by force majeure or the utility's delays in interconnecting the facility. In addition, the Large QF PPA does not allow force majeure relief for the Seller's ceasing construction of the Facility for more than 60 days or its failure to achieve Operational Milestones.

Q WHY DO YOU OBJECT TO THESE PROVISIONS?

A. The whole purpose of force majeure provisions in contracts is to relieve parties of liability where they are unable to perform due to acts of God and other unforeseen events beyond their control. In the context of a PPA, the greatest risk of adverse consequences due to force majeure is in connection with construction delays due to extreme weather events. Extreme weather events, especially hurricanes, can affect any project's construction schedule. However, the effect on interconnection work is magnified because Duke, like many utilities, often diverts its construction crews from interconnection and other routine construction projects to repairing storm damage, not only in its service territories but in other utility territories throughout the region. These diversions of resources are necessary and appropriate, but they can have a significant impact on construction timetables for interconnection projects. In my opinion, it is totally unreasonable to exclude such circumstances from force majeure relief.

Q WHAT ABOUT A SELLER'S INABILITY TO ACHIEVE TIMELY COD DUE TO DUKE'S INTERCONNECTION DELAYS?

A. Witness Johnson is correct in stating that Duke's interconnection study and construction process is the biggest factor in determining when a facility will be able to achieve commercial operation. As an initial matter, I would be surprised if the South Carolina courts would allow a party to impose substantial liquidated damages on a counterparty, or terminate a contract, for failure to meet a contractual deadline where the sole reason for that failure was delay by the claiming party. In other words, I question whether this aspect of the proposed Large QF PPA is legally enforceable. But that aside, I disagree with Witness Johnson's position that QFs should be made to bear all the risk of utility interconnection delays and should be required not to execute PPAs and not be able to lock in pricing if they are unwilling to bear those risks. As I discuss below in connection with LEO formation, given Duke's lengthy and unpredictable interconnection process, I believe the Commission, consistent with both PURPA and the General Assembly's mandate to promote QF development while protecting ratepayer interests, should not allow LEOs to be formed or PPAs to be executed before a certain point in the interconnection process, but after that the QF should not be responsible for utility delays.

Q HAS DUKE ALLOWED FOR COD TO BE DELAYED BASED ON INTERCONNECTION DELAYS IN OTHER CONTEXTS?

A. Yes. In both the CPRE and GSA programs in North Carolina, Duke's form PPAs define the COD as 90 days after the estimated date for completion of the interconnection facilities, with a day-for day extension for any delays beyond that date not caused by Seller. In this fashion the Seller is not exposed to liability for the utility's interconnection delays.

Q WHAT IS YOUR OPINION REGARDING MODIFICATIONS TO THE FACILITY, INCLUDING CHANGES TO THE DC/AC RATIO AND STORAGE ADDITIONS?

A. For the reasons I discuss in connection with Duke's proposed Standard Offer PPA and Terms and Conditions, I do not think that the PPA should prohibit storage additions or specify a DC/AC ratio that may not be modified. To my knowledge, those provisions have not been included in the many previously executed negotiated PPAs Witness Johnson refers to in his testimony. However, as I have proposed with respect to the Standard Offer PPA, I think it is appropriate to include a Maximum Annual Energy Production value that cannot be exceed as a result of modifications to the Facility.

Q DO YOU BELIEVE THAT DUKE'S PROPOSED ENERGY STORAGE PROTOCOL, INCLUDED AS EXHIBIT 10 TO THE LARGE QF PPA, IS COMMERCIALLY REASONABLE?

A. Duke's proposed storage protocol in the proposed Large QF PPA represents an improvement over the storage protocol previously proposed by Duke in the PPA for the CPRE Tranche 1, and we understand that the protocol largely remains commercially untested and will continue to evolve. However, there is at least one issue that requires clarification in order to make this provision commercially reasonable. The scheduling provision in Section 6 contains language that would require a QF generator to unnecessarily curtail its output during on-peak periods when that output is most valuable to ratepayers, which is presumably an unintended consequence and one that Duke would prefer to avoid. The problem arises because the current language requires levelized output specifically from the storage device during on-peak hours, instead of from the overall facility. It is the latter,

not the former, which matters to Duke and its ratepayers. By requiring levelized output specifically from the storage device, the current protocol would have the unintended consequence of curtailing the QF's production and could represent a violation of PURPA's requirement that uncompensated curtailment only occur during system emergencies. Fortunately, this issue can be easily resolved by clarifying that the levelized output should come from the overall facility and not the storage device, while preserving the intention of the provision. I have incorporated this edit into my proposed revisions to the Large QF PPA.

Q IS YOUR ASSESSMENT THE SAME FOR DUKE'S PROPOSED ENERGY STORAGE PROTOCOL IN THE STANDARD OFFER PPA?

A. Duke's proposed storage protocol for the standard offer PPA (Exhibit A to the PPA) contains several substantive differences as compared to the large QF storage protocol. Interestingly, the standard offer language largely resolves the issue discussed above with respect to scheduling, with Duke clarifying that the storage device should be used to levelize "the combined output of solar and storage" rather than the storage device alone. In general, there is no discernable justification for the storage protocol to differ between the large QF and standard offer PPA. Otherwise, the proposed storage protocol language in the standard offer PPA reflects an older iteration of Duke's proposed protocol, containing several problematic provisions that are unnecessary and commercially unreasonable, such as the substantially more restrictive ramp rate limitation while the facility is generating. Most of these issues have since been addressed, with the newer, improved language reflected in Duke's proposed language in the large QF PPA. Duke can resolve this issue by replacing its proposed language in the standard offer PPA with the more commercially

reasonable language from the large QF PPA, while addressing the issue discussed above in the large QF PPA regarding scheduling.

Q ARE THERE OTHER TERMS IN THE PROPOSED LARGE QF PPA THAT YOU THINK ARE COMMERCIALLY UNREASONABLE?

A. Yes. First, in my opinion, a number of the events of default included in Section 19 of the PPA are unreasonable as grounds for allowing Duke to terminate the PPA. In particular, I think termination is an unreasonably harsh remedy for failure to comply with the confidentiality or publicity provisions of the PPA. It is unlikely that Duke would suffer material damages as a result of such violations and its remedy should be limited to the recovery of any actual damages incurred or reasonable liquidated damages. In Levitas-3 I have recommended liquidated damages of $10,000 for each such violation in new Section 16.6 and 26.10.3.

Second, I think that, in the event that this Commission fails to approve an executed PPA, Section 3.4 of the proposed PPA should provide Seller the right to enter into a new or modified agreement with Buyer that is consistent with this the original PPA to the maximum extent possible consistent with the Commission's order.

Third, I think that the PPA should include a right of Seller to terminate the PPA without liability if the interconnection facilities and network upgrades required for the facility to be interconnected to Duke's system exceed $75,000 MW AC. Given the QFs' total lack of control over and visibility into Duke's interconnection costs, and the extremely high interconnection costs that have been quoted to many QFs, it is reasonable to provide this limited off-ramp from the obligations. Given Duke's general aversion to QF development,

I can see no reason for them to object to PPA termination on this basis. In Levitas-3 I have added a new Section 20.7 dealing with this issue.

Finally, for reasons discussed by other SCSBA witnesses, I do not think that Duke has carried its burden of proof for inclusion of a Solar Integration Services Charge at this time. Such a charge may be reasonable and appropriate if properly and accurately developed, but Duke has fallen far short of meeting that standard. I have therefore deleted Section 4.8 of the Large QF PPA.

Q DO YOU AGREE WITH WITNESS JOHNSON'S DISCUSSION OF THE COMMERCIAL REASONABLENESS STANDARD THAT APPLIES TO PPA'S UNDER ACT 62?

A. Only in part. I agree that it is a subjective standard and incapable of precise definition. I also agree that prevailing practices within the industry are relevant. But I think the most important element of the test involves striking a fair and reasonable balance between the competing interests of the parties to the contract.

Q IS IT CONSISTENT WITH PREVAILING INDUSTRY PRACTICE FOR PURPA PPA'S NOT TO EXCUSE FAILURES TO ACHIEVE TIMELY COD DUE TO FORCE MAJEURE OR UTILITY INTERCONNECTION DELAYS?

A. I haven't researched this issue, but I don't recall encountering provisions like these in other PPAs. It would surprise me if they are widespread in the industry. Duke certainly has not provided any evidence that that is the case.

Q DO YOU AGREE WITH DUKE WITNESS JOHNSON'S STATEMENT THAT THE FACT THAT A FORM AGREEMENT HAS BEEN AGREED TO BY OTHER DEVELOPERS MEANS THAT IT IS COMMERCIALLY REASONABLE?

A. Not necessarily. A party faced with onerous contract terms may nonetheless be able to obtain financing but may have greater difficulty doing so or be required to pay higher financing costs. PURPA, as interpreted by FERC, requires that QFs be able to contract on terms that afford "reasonable opportunities" to attract capital, and the fact that sophisticated developers with access to capital on advantageous terms have been able to attract financing for particular projects does not mean that the terms are "reasonable." It is also important to keep in mind that parties wishing to sell energy to Duke have nowhere else to sell their power and must incur substantial time and expense to challenge PPA terms they consider unreasonable.

Duke's Notice of Commitment to Sell Form

Q DO YOU AGREE WITH WITNESS JOHNSON'S DESCRIPTION OF THE PURPOSE OF THE LEO CONCEPT UNDER PURPA?

A. Not entirely. As Witness Johnson correctly notes, FERC originated the LEO concept to prevent a utility from circumventing PURPA's requirements merely by refusing to enter into a contract with the qualifying facility. *See* FERC Order No. 69, FERC Stats. & Regs. ¶ 30,128, *order on reh'g*, Order No. 69-A, FERC Stats. & Regs. ¶ 30,160 (1980), a*ff'd in part & vacated in part sub nom. Am. Elec. Power Serv. Corp. v. FERC*, 675 F.2d 1226 (D.C. Cir. 1982), *rev'd in part sub nom. Am. Paper Inst. v. Am. Elec. Power Serv. Corp.*, 461 U.S. 402 (1983). However, FERC has noted that a utility can also frustrate a QF's PURPA rights by delaying the signing of a contract, so that a later and lower avoided cost is applicable. *Cedar Creek Wind, LLC*, 137 FERC ¶ 61,006 at p. 5 (2011). Nor has FERC ever required there to be "demonstrable utility recalcitrance" in order for a QF to form a LEO (and in point of fact it could be time-consuming and expensive for a QF to have to

make such a demonstration). To the contrary, FERC has provided that establishment of a LEO should turns solely on the QF's commitment, and not the utility's actions." *FLS Energy Inc.*, 157 FERC ¶ 61, 211 (December 15, 2016) at 9. In short, PURPA requires that QFs may unilaterally form LEOs by unequivocally committing to sell their output to the utility. And because establishment of a LEO must turn on the QF's actions and not the utility's, a state cannot require a QF to achieve certain milestones in the interconnection process as a condition of establishing a LEO.[4] FERC has also held that states cannot impose requirements that create "unreasonable obstacles" to LEO formation. *Hydrodynamics, Inc.*, 146 FERC ¶ 61,193 (Mar. 20, 2014) at 16.

Q IN YOUR OPINION WHAT MUST A QF DO TO FORM A LEO?

A. The QF must make a binding commitment to sell its output to the utility at a defined price.

Q DO YOU AGREE WITH WITNESS JOHNSON THAT A QF SHOULD NOT HAVE THE ABILITY TO BIND THE UTILITY TO PURCHASE ITS OUTPUT AT A DEFINED PRICE IF THE QF IS ABLE TO WALK AWAY WITH NO CONSEQUENCES?

A. Yes, I do. A QF that forms a non-contractual LEO should face consequences for failing to perform.

Q DO YOU AGREE WITH WITNESS JOHNSON THAT NORTH CAROLINA'S LEO FORM IS UNIQUE IN THE COUNTRY?

[4] This is not to say that interconnection cannot be considered. The North Carolina Utilities Commission in 2017 revised the state's LEO standard to provide that a LEO cannot be established until (among other things) the QF has filed an interconnection request, and either (a) the QF has received a system impact study, or (b) 105 days have elapsed (this period represents the maximum amount of time allowed under the state's interconnection procedures for the receipt of a SIS report). *Order Establishing Standard Rates and Contract Terms For Qualifying Facilities*, Docket No. E-100 Sub 148 (Oct. 11, 2017) at 106.

A. I am not aware of the use of similar forms in other states. However, there is an important point to be made about the North Carolina form. Prior to the NCUC's 2016 avoided cost proceeding, docket no. E-100 Sub 148, QFs in North Carolina were able to form LEOs while facing no consequences for failing to perform. However, in the Sub 148 proceeding, the NCUC approved a significant change to the previously approved Notice of Commitment to Sell form. Similar to a condition in Duke's proposed form in this proceeding, the North Carolina form now disqualifies a QF who signs a commitment form but fails to execute a PPA to the harsh consequence of not being eligible for fixed pricing under PURPA for two years. In most cases, that would prohibit the QF from financing and constructing its facility.

Q DO YOU AGREE WITH THIS RESULT FOR A QF WHO FAILS TO PERFORM UNDER A LEO?

A. No. I think it is overly harsh and not authorized by PURPA. It also provides no compensation to the utility for the QF's failure to perform.

Q WHAT DO YOU THINK WOULD BE A MORE APPROPRIATE REMEDY WHERE A QF FAILS TO HONOR ITS NON-CONTRACTUAL COMMITMENT?

A. I think a QF who fails to perform under a LEO should be liable for the same damages it would face for failing to perform under a PPA.

Q WHAT DAMAGES DOES A QF FACE IF IT FAILS TO PLACE IN SERVICE UNDER DUKE'S PROPOSED STANDARD OFFER PPA TERMS AND CONDITIONS?

A. None to my knowledge.

Q DO YOU THINK THAT A QF THAT FAILS TO PLACE IN SERVICE UNDER A STANDARD OFFER PPA SHOULD FACE SIMILAR LIQUIDATED DAMAGES TO THOSE IMPOSED ON LARGE QFS?

A. Yes.

Q AND WHAT DO YOU THINK THOSE DAMAGES SHOULD BE?

A. As I previously testified, I think the liquidated damages for a QF's failure to achieve timely COD should be set at $5,000 per MW AC nameplate capacity up to 20 MW, and at $2,000 per MW above 20 MW. So a standard offer QF (with a maximum capacity of 2 MW) would be subject to maximum damages of $10,000.

Q AND SO IN YOUR VIEW THOSE DAMAGES WOULD BE SIMILARLY APPLICABLE TO A STANDARD OFFER QF THAT FAILS TO HONOR A NON-CONTRACTUAL LEO COMMITMENT?

A. That's correct.

Q DO YOU HAVE OTHER OBJECTIONS TO DUKE'S PROPOSED NOTICE OF COMMITMENT TO SELL FORM?

A. My biggest objections relate to the pre-conditions that Duke proposes as eligibility criteria for execution of the form.

Q WHAT PRE-CONDITIONS DOES DUKE ESTABLISH FOR LEO FORMATION?

A. Witness Johnson identifies the following pre-conditions to LEO formation proposed by Duke:

(1) Required Certification with FERC as QF

(2) Required Commitment to Execute PPA within 90 days and to deliver power within 365 days of Notice of Commitment Form Submittal Date

(3) Demonstration of Control of Project Site and Required Permits

(4) Requirement to Be Interconnection Customer of Utility.

Q WHICH OF THESE CONDITIONS DO YOU OBJECT TO?

A. I think all of them are reasonable except the requirements that the QF have first secured all required permits and land-use approvals and that it place its facility in service within 365 days of executing the form.

Q WHY DO YOU THINK THE PERMITTING REQUIREMENT IS UNREASONABLE?

A. Obtaining environmental permits and land-use approvals can be an expensive and time-consuming process, sometimes costing in the hundreds of thousands of dollars. It is unreasonable to expect a QF to incur these expenses until it has secured a price for its output so that it can in turn secure financing for the project.

Q DO DUKE'S PROPOSED STANDARD OFFER AND LARGE QF PPAS REQUIRE THE QF TO HAVE OBTAINED ALL PERMITS AND LAND-USE APPROVALS BEFORE THE CONTRACT MAY BE EXECUTED?

A. No. The Standard offer PPA is silent on this subject while the large QF PPA expressly contemplates that permits will be obtained after PPA execution.

Q IS THERE ANY LOGIC TO IMPOSING MORE ONEROUS REQUIREMENTS ON LEO FORMATION THAN ON CONTRACT FORMATION?

A. None that I can discern.

Q WHY DO YOU OBJECT TO DUKE'S REQUIREMENT THAT THE FACILITY BE PLACED IN SERVICE WITHIN 365 DAYS?

A. QFs must be able to secure pricing before they can incur major development expenses, secure financing, and construct the project. While many QFs can complete the development cycle within a year, larger and more complex QFs may not be able to do so. But more significantly, Duke's interconnection study and construction process in South Carolina has been taking on the order of three years. So Duke's proposed 365-day in-service requirement is tantamount to saying that no QF could ever form a non-contractual LEO that it could comply with. Even more problematic is the fact that there is no point in the interconnection process at which a QF has any guarantee that it will achieve interconnection by a specific date, since Duke views the deadlines under the SCGIP and even in Interconnection Agreements as essentially unenforceable. In fact, a QF often has no idea how long it will take to achieve interconnection, and therefore commercial operation. It would be completely unreasonable to require a QF to predict when it will be 365 days or less from commercial operation.

Q IN YOUR OPINION DOES THAT RESULT COMPLY WITH PURPA?

A. No, it does not. In direct contravention of FERC guidance, it gives the utility the absolute ability to frustrate LEO formation by delaying the interconnection process and thus the QF's achievement of COD. *FLS Energy Inc.*, 157 FERC ¶ 61, 211 at 9. Such a requirement would also impose "unreasonable obstacles" to LEO formation, in violation of FERC precedent. *Hydrodynamics, Inc.*, 146 FERC ¶ 61,193 at 16.

Q WHAT IS THE PURPOSE BEHIND DUKE'S 365-DAY IN SERVICE REQUIREMENT?

A. Duke's expressed concern is that delays between LEO formation and facility COD have the potential to allow QFs to lock in "stale" rates to the detriment of ratepayers.

Q WHAT IS YOUR RESPONSE TO THAT CONCERN?

A. As with utility generation investments, it's necessary for developers to have price certainty at a reasonable point in the development cycle. This is particularly important given PURPA's goal of promoting QF development. There will always be a need to balance that requirement against an understandable goal of having rates be as current as possible. The bottom line is that QFs must be allowed to secure pricing with enough lead time to develop their projects and to allow the utility to interconnect it.

Q DO YOU HAVE A PROPOSAL FOR DEALING WITH THE CONCERN ABOUT "STALE" RATES?

A. I agree with Duke that a QF should not be able to lock in rates indefinitely. Given the time it takes to develop and build the project, I think the Commission should start by establishing a presumptive time in which a utility should be able to complete interconnection studies and the construction of required interconnection facilities and network upgrades. In the case of Duke, the study period seems to be running close to two years, and construction is requiring at least two years. It is important to keep in mind that the QF must contractually obligate itself to pay for network upgrades at the time it executes the IA. It also must pay significant study costs. Clearly it must have the right to lock in PPA pricing before it signs an IA. A reasonable point in time is the completion of the system impact study. At that point the QF also has a reasonable estimate of its interconnection costs, which affect its project viability. But to avoid the problem of utility controlling LEO formation by delaying the study, the Commission needs to establish a date for SIS completion – not to be absolutely enforceable but for the purpose of fixing when a LEO may be formed.

Q DO YOU HAVE A SPECIFIC RECOMMENDATION ON THIS ISSUE?

A. Yes. My suggestion, given Duke's lengthy interconnection timeline in South Carolina, is that QFs be allowed to form LEOs, by signing Notice of Commitment Forms or tendering signed contracts, one year after submittal of an interconnection request or upon completion of their SIS, whichever is earlier. I think this approach strikes a reasonable balance between providing QFs the necessary certainty regarding pricing and protecting ratepayers as much as possible given the lengthy interconnection process.

Q IS THERE PRECEDENT FOR THIS APPROACH?

A. Yes. This is the approach the NCUC has taken. Its state Interconnection Procedures provide that the utility must compete the SIS within 105 days of the interconnection request.[5] The NCUC has provided that a large QF may not form a LEO before this milestone unless the SIS has been completed before then. My recommendation has the potential to delay LEO formation considerably longer than the NCUC's standard.

Q ARE THERE OTHER APPROACHES TO ADDRESSING THIS ISSUE?

A. Another approach would be to allow QFs to form LEOs whenever they are prepared to do so, but to provide that the locked-in pricing is only good for a defined period of time. This is the approach that the NCUC has taken with respect to its standard offer avoided cost rates, which only remain in effect for 30 months after they are approved. A QF that established a LEO at those rates must place its project in service by that deadline to remain eligible for those rates.

Q ARE THERE PROBLEMS WITH THIS APPROACH?

A. Yes. Because of Duke's significant interconnection delays, a huge number of QFs in North Carolina would have lost their eligibility for established rates due to the application of the

[5] 105 days represents the sum of the time intervals allowed for the various stages of the interconnection process up to issuance of the System Impact Study. The SCGIP establish similar time requirements.

30-month rule. On one occasion, Duke voluntarily agreed to extend eligibility for the rates and on another it was directed to do so by the North Carolina General Assembly. A similar situation has occurred in South Carolina, where many projects that established LEOs under the prior standard offer rate schedule were not able to begin deliveries of power within 30 months after those rates were approved, solely because of interconnection delays. In light of my proposed changes to the Notice of Commitment form addressing the "stale" rate problem, I recommend removing the 30-month rule language from the standard offer rate schedules.[6]

Q DO YOU HAVE ANY OTHER SUGGESTED REVISIONS TO THE PROPOSED NOTICE OF COMMITMENT TO SELL FORM?

A. Yes. In Levitas-4 I have made three other recommended changes to the Form. First, in Section 6.iii. of the Form, I have provided that the LEO terminates if Seller ceases to comply with the requirements of LEO formation (i.e., (a) having control of the Project Site, (b) being an interconnection customer of the Company, and (c) be certified as QF with FERC) and any such deficiency fails to cure within ten (10) business days. It seems reasonable to me that the LEO should terminate in these circumstances. Second, I have deleted the vague and unnecessary damages provision in Section 8 of the form and replaced it with a liquidated damages provision consistent with my prior recommendation. And finally I have added language, similar to that which I proposed in connection with the Large QF PPA, giving the Seller the right to terminate the PPA without liability if the

[6] This is reflected in my proposed changes to the Standard Offer PPA (Exhibit Levitas-1). A corresponding change should be made to the proposed standard offer schedules, but I have not included redlines of those documents as I am not proposing other changes to those documents.

interconnection facilities and network upgrades required for the facility to be interconnected to Duke's system exceed $75,000 per MW AC capacity.

Q DO YOU HAVE ANY FURTHER COMMENTS REGARDING LEO FORMATION AND THE NOTICE OF COMMITMENT TO SELL FORM?

A. In my opinion, any timing or eligibility requirements for LEO formation, whether through an executed PPA or some non-contractual process should be the same. The standard for when a QF should be able to lock in pricing should be the same whether the QF is doing so by executing a PPA or in some other fashion.

Q DO YOU AGREE WITH WITNESS JOHNSON THAT DUKE'S CONTRACTING PROCESS MAY REDUCE THE NEED FOR QFS TO UTILIZE A NOTICE OF COMMITMENT TO SELL FORM?

A. Yes, I do. In my opinion, the best way for QFs to form LEOs is by signing a PPA that includes consequences for failing to perform, and tendering it to the utility. That constitutes an unequivocal commitment by the QF to sell its output at a defined price and on defined terms and conditions. Where standard offer tariffs and contracts have been approved by the Commission, that is a simple process assuming that the forms are readily available and the utility allows such a submittal to be made. In the case of large QFs not eligible for a standard offer, this has been more problematic because there was neither an approved PPA nor established pricing. The General Assembly's decision to require a form contract for larger QFs solves the first problem. However, as Witness Johnson explains, such a QF still must request indicative pricing from Duke in order to know what pricing is available and to make a commitment to sell at that price. If a large QF can immediately tender a signed PPA upon the receipt of indicative pricing, there would be no need to utilize

a Notice of Commitment to sell form. However, the contracting process for large QFs typically involves some back and for the between the parties with respect to project-specific information contained in the PPA. I therefore think it's appropriate for the QF to be able to lock in the indicative pricing by executing the form prior to the finalization of the PPA by the parties.

Duke's Proposed Solar Integration Charge

Q DO YOU HAVE CONCERNS ABOUT DUKE'S PROPOSED SOLAR INTEGRATION CHARGE?

A. I have many concerns about the charge, including about the appropriateness of the process and methodology by which it was developed and the accuracy or validity of the conclusions of the Astrape report. Those issues I leave to other SCSBA witnesses, including Mr. Burgess. But even assuming the integration charge is methodologically sound (which SCSBA believes it is not), I have serious concerns about Duke's proposed approach to including the charge in QF PPAs.

Q WHAT IS DUKE PROPOSING IN THAT REGARD?

A. My understanding is that Duke proposed to include a charge in new PURPA PPAs that is based on the alleged average integration cost of all solar facilities on DEC's and DEP's system as of a defined point in time and then to allow that charge to be adjusted on a biennial basis based on periodic reassessment by Duke and this Commission of the utility's actual solar integration costs. These adjustments would be subject to a cap that is equal to $0.00322 per kWh for DEC and $0.00670 per kWh for DEP.

Q WHAT ARE YOUR CONCERNS WITH THIS APPROACH?

A. PURPA requires that a QF have the ability to sell its output to the utility at a fixed price over the life of the PPA at rates calculated as of the date the LEO or PPA is established. 18 C.F.R. § 292.304(d). This requirement is founded in the recognition by FERC that certainty as to long-term fixed price revenues is essential to the development and financing of utility infrastructure projects. Order No. 69, FERC Stats. & Regs. ¶ 30,128, at 30,880, 30,868; *Windham Solar LLC & Allco Fin. Ltd.*, 157 FERC ¶ 61,134. A long-term PPA at fixed rates is the only practical way to provide such certainty for a QF located in the service territory of a vertically integrated, fully regulated electric utility (such as Duke in South Carolina) where QFs cannot make retail sales and where there is no practical access to wholesale markets. Obviously, Duke's proposal does not provide for a fixed-price contract or long-term revenue certainty, unless one considers the price to be fixed based on the full amount of the SISC cap. Indeed, QFs and their financing parties will have no choice but to model project revenues based on the assumption that after the first two years the QF will be required to pay an SISC equal to the cap. Given the proposed value of the cap, this will very likely preclude any further QF development in South Carolina, especially given the aggressively low avoided cost rates proposed by Duke, that are the subject of other SCSBA testimony.

Q HOW WOULD YOU PROPOSE TO DEAL WITH THIS PROBLEM?

A. If this Commission elects to approve an SISC, which SCSBA believes is inappropriate at this time, the charge included in PPAs should be limited to the initial charge approved by the Commission and not subject to any adjustments over the life of the PPA. An adjustment would be appropriate upon PPA renewal.

Q DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

LEVITAS - 1

PURCHASE POWER AGREEMENT

between

DUKE ENERGY CAROLINAS, LLC

and

SELLER NAME

"Facility Name" Project

Contract Number: _____

Contract Date: _____

Initial Delivery Date: _____

PURCHASE POWER AGREEMENT BY A QUALIFYING COGENERATOR OR SMALL POWER PRODUCER

THIS PURCHASE POWER AGREEMENT ("Agreement") is made this _____day of _____, 20 ___, by and between

DUKE ENERGY CAROLINAS, LLC,
a South Carolina Limited Liability Company ("Company"),

and

_____,

a(n) [insert place of formation _____] [insert entity type_____] ("Seller"), for the

"_____," Project

Seller hereby certifies that the Facility, as defined below, (is/is not) "new capacity", as defined by the Federal Energy Regulatory Commission ("FERC"), and that construction of the Facility (was/was not) commenced on or after November 9, 1978, and that the Facility is or will be a qualifying facility as defined by the Federal Energy Regulatory Commission ("FERC") pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978. The Facility as defined herein (the "Facility") shall consist of that certain *[insert description of the Facility including fuel type and Nameplate Capacity rating in AC ~~and DC] [where applicable, identify any Storage Resource connected to or incorporated into the Facility along with the Storage Resource's capacity (MW and MWh)~~]* – which is located at *[insert facility address]*.

(Hereinafter, the parties are also referred to individually as "Party" and collectively as "Parties").

In consideration of the mutual covenants herein contained, the Parties hereto, for themselves, their successors and assigns, do hereby agree to the following:

1. Service Requirements

1.1 Seller shall sell and deliver exclusively to Company all of the electric power generated by the Facility, net of the Facility's own auxiliary electrical requirements and Company shall purchase, receive, use and pay for the same, subject to the conditions contained in this Agreement. Upon the completion of the installation, by Company, of its system upgrades and interconnection facilities at the point of delivery of Seller's and Company's conductors, Seller shall become responsible for the payment to Company of any and all charges that may apply, whether or not Seller actually delivers any electricity to Company. If Seller requests retail electric service for the Facility's auxiliary electrical requirements from Company when Seller's generation is reduced, such power shall be provided to Supplier pursuant to a separate electric service agreement under Company's rate tariffs appropriate for such service.

1.2 Electricity supplied by Seller shall be [*single (1)/three (3)*] phase, alternating at a frequency of approximately sixty (60) cycles, and at a delivery voltage of approximately _____volts, _____ wires at a sufficient power factor to maintain system operating parameters as specified by Company.

1.3 Delivery of said Seller's power shall be at a point of delivery described as follows: _____.

1.4 The Contract Capacity of the Facility, as defined in the Terms and Conditions for the Purchase of Electric Power is_____ AC kW/MW. The maximum~~estimated~~ annual energy production of the Facility is _____ kWh.

2. Rate Schedule

The sale, delivery, and use of electric power hereunder, and all services of whatever type to be rendered or performed in connection therewith, shall in all respects be subject to and in accordance with all the terms and conditions of Company's Purchased Power Schedule PP(SC), *[Variable Rate][5-year Fixed Long-Term Rate], [10-year Fixed Long-Term Rate] for [Distribution][Transmission] Interconnection]* ("Rate Schedule") and the Terms and Conditions for the Purchase of Electric Power, both of which are now on file with the Public Service Commission of South Carolina, ("Commission") and are hereby incorporated by reference and made a part hereof as though fully set forth herein. Said Rate Schedule and Terms and Conditions for the Purchase of Electric Power are subject to change, revision, alteration or substitution, either in whole or in part, upon order of said Commission or any other regulatory authority having jurisdiction, and any such change, revision, alteration or substitution shall immediately be made a part hereof as though fully written herein, and shall nullify any prior provision in conflict therewith.

The language above beginning with "Said Rate Schedule" shall not apply to the Fixed Long-Term Rates themselves, but it shall apply to all other provisions of the Rate Schedule and Terms and Conditions for the Purchase of Electric Power, including but not limited to Variable Rates, other types of charges (e.g., administrative charges), and all non-rate provisions.

3. Initial Delivery Date

The term of this Agreement shall be a minimum of 5 years when contracting for capacity payments and shall begin upon the first date when energy is generated by the Facility and delivered to Company and continuing for the term specified in the Rate Schedule paragraph above and shall automatically extend thereafter at the as available rate unless terminated by either party by giving not less than thirty (30) days prior written notice. The term shall be for _____ years and shall begin no earlier than the date Company's Interconnection Facilities are installed and are ready to accept electricity from Seller which is requested to be_____ . ~~Company at its sole discretion may terminate this Agreement on _____, 20__ (30 months following the date of the order initially approving the rates selection shown above which may be extended beyond 30 months if construction is nearly complete and Seller demonstrates that it is making a good faith effort to complete its project in a timely manner) if Seller is unable to provide generation capacity and energy production consistent with the energy production levels specified in Provision No. 1.4 above. This date may be extended by upon mutual agreement by both parties.~~

4. Interconnection Facilities

Unless otherwise required by Company, an Interconnection Agreement pursuant to the South Carolina Generator Interconnection Procedures, Forms and Agreements for State-Jurisdictional Interconnections (Interconnection Standard) shall be executed by Seller, including payments of all charges and fees associated with the interconnection, before Company will accept this Agreement. (Either sentence (a) or (b) as follows is inserted into the agreement as appropriate) (a) The Interconnection Facilities Charge shall be specified in the Interconnection Agreement, or *(b)* The Interconnection Facilities Charge shall be 1.0 % of the installed cost of metering equipment and is $_____ per month.

5. Energy Storage

If the Facility is to be equipped with battery storage or other energy storage device (the "Storage Resource"), the Storage Resource shall be identified in this Agreement. In all cases, the Storage Resource must be charged solely by the Facility and the use of any Storage Resource shall be operated and equipped in accordance with the system operator's Energy Storage Protocol, a copy of which is attached hereto as Exhibit A, as may be modified from time to time by the system operator, subject to approval by the Commission (the "Energy Storage Protocol").

6. Reporting Requirements

Upon request, Seller may be required to provide prior notice of annual, monthly, and day-ahead forecast of hourly production, as specified by Company. If Seller is required to notify Company of planned or unplanned outages, notification should be made as soon as known. Seller shall include the start time, the time for return to service, the amount of unavailable capacity, and the reason for the outage.

Upon the execution by Company and Seller in the block provided below, this Agreement together with attachments shall become an agreement for Seller to deliver and sell to Company and for Company to receive and purchase from Seller the electricity generated and delivered to Company by Seller from the above described qualifying generating facility at the rates, in the quantities, for the term, and upon the terms and conditions set forth herein.

Witness as to Seller:

_____ _____, **Seller**

Printed: _____

By_____

Printed: _____ Printed: _____

Title_____

This_____day of_____, 20_____

ACCEPTED: DUKE ENERGY CAROLINAS, LLC **Mail Payment/Bill to:**

By_____ _____

Title_____ _____

This_____day of_____, 20____ _____

Exhibit A

Energy Storage Protocol for Schedule PP Sellers

1. The Storage Resource must be on the DC side of the inverter and charged exclusively by the Facility.

2. The Storage Resource will be controlled by the Seller, within operational limitations described below.

3. The maximum output of the Facility, including any storage capability, at any given time shall be limited to the Facility's Contract Capacity as specified in the Agreement.

4. The discharge of stored energy is not permitted while the Facility has received or is subject to a curtailment instruction (i.e., System Operator Instruction) from the system operator.

5. Ramp rates for Storage Resource shall not exceed 10 percent of the Storage Resource's capacity (MW) on a per minute basis, up or down, unless the Storage Resource is ramping to mitigate Solar Integration Services Charge, in which case the ramp rate limitation does not apply.

6. Scheduling for capturing peak pricing periods and other storage limitations:

    a. For all (winter and summer) months/days with capacity rate hours ("Capacity Hours"), the Seller shall distribute any discharge of the storage device in a manner that levelizes (holds constant) the output of the Facility (the combined output of the generator and the storage device) at the highest practical level over the duration of the Capacity Hours of such calendar day, except as limited by ramp rate criteria, inverter capability, and the Facility's Contract Capacity as specified in the Agreement.

        i. For any storage discharge occurring on weekends and holidays where only Off-Peak energy rates apply, the Seller shall apply the same discharge logic (same hours for any desired discharge) that is applied to Weekdays/non-Holidays, for the respective month.

    b. For the remaining (shoulder) months without Capacity Hour windows, the Seller shall distribute any discharge of the storage device in a way that levelizes (holds constant) the output of the Facility (the combined output of the generator and the storage device) at the highest practical level during the full am on-peak energy period and/or full pm on-peak energy period of the Seller's discretion, except as limited by ramp rate criteria, inverter capability, and the Facility's Contract Capacity as specified in the Agreement.

7. Company reserves the right to add or modify operating restrictions specified in these Energy Storage Protocols to the extent necessary to comply with NERC Standards as such standards may be modified from time to time during the Term. Any such modification shall be implemented by Company in a Commercially Reasonable Manner and shall be applied to the Facility and Company's own generating assets on a non-discriminatory basis. If Seller can make a commercially reasonable demonstration to Company, which is approved by Company in its reasonable discretion, that the Facility does not contribute to potential NERC compliance violations for which the modifications have been implemented, then such modifications shall not apply to the Facility.

8. If identification of Capacity Hours changes over the course of the term of the Agreement, Seller will make Commercially Reasonable Efforts to work with Company to adjust the hours of charging/discharging to coincide with these updated hours. However, Seller shall not be obligated

to do so in a way that compromises their original economic value contemplated for storage resource.

9. Seller will only be compensated for Energy and Capacity actually provided to Buyer in accordance with the terms of the Agreement.

Notes:

a) Other capitalized terms used in this Exhibit which have not been defined herein shall have the meaning ascribed to such terms in the Agreement to which this exhibit is attached.

~~1. The Storage Resource must be on the DC side of the inverter and charged exclusively by the Facility.~~

~~2. The Storage Resource will be controlled by the Seller, within operational limitations described below.~~

~~3. The maximum output of the Facility, including any storage capability, at any given time shall be limited to the Facility's Contract Capacity as specified in the Agreement.~~

~~4. The discharge of stored energy is not permitted while the Facility has received or is subject to a curtailment instruction (i.e., System Operator Instruction) from the system operator.~~

~~5. Ramp rates for Storage Resource shall not exceed 10 percent of the Storage Resource's capacity (MW) on a per minute basis, whether up or down, at any time that the Facility is not generating, unless the system operator has waived this ramping limitation.~~

~~6. When the Facility is generating, the Storage Resource shall not act to increase the net ramp rate of the Facility by more than 5 percent of the Storage Resource's capacity (MW) per minute in relation to the output from the Facility alone, over a one-minute interval, up or down, unless the system operator has waived this ramping limitation.~~

~~7. Scheduling and other storage limitations:~~

~~a. For all months/days with Premium Peak (as defined in the Proposed Settlement) windows, the Seller shall distribute any discharge of the storage device in a manner that levelizes (holds constant) the combined output of solar and storage at the highest practical level during the Premium Peak hours of such calendar day, except as limited by ramp rate criteria and inverter capability.~~

~~i. For any storage discharge occurring on weekends and holidays where only Off-Peak energy rates apply, the Seller shall apply the same discharge logic that is applied to Weekdays/non-Holidays, for the respective month.~~

~~ii. If the storage device is AC (MW) limited, discharge may begin prior to the Premium Peak window to allow the storage device to reach its Allowable Depth (as defined below) of Discharge.~~

~~b. For the remaining months without Premium Peak windows, the Seller shall distribute any discharge of the storage device in a way that levelizes (holds constant) the combined output of solar and storage at the highest practical level during three consecutive hours beginning with the hour of sunset.~~

~~i. If the storage device is AC (MW) limited, discharge may continue beyond the three-hour window until the storage device reaches its Allowable Depth of Discharge.~~

~~8. Company reserves the right to add or modify operating restrictions specified in these Energy Storage Protocols to the extent necessary to comply with NERC Standards as such standards may be modified from time to time during the Term. Any such modification shall be implemented by~~

Company in a Commercially Reasonable Manner and shall be applied to the Facility and Company's own generating assets on a non-discriminatory basis. If Seller can make a commercially reasonable demonstration to Company, which is approved by Company in its reasonable discretion, that the Facility does not contribute to potential NERC compliance violations for which the modifications have been implemented, then such modifications shall not apply to the Facility.

9. Seller will only be compensated for Energy and Capacity actually provided to Buyer in accordance with the terms of the Agreement.

Notes:

a) "Allowable Depth of Discharge" shall mean the MWh energy storage potential, considering the original equipment manufacturer's recommendations and any emergent operating limitations, at a given point in time.

b) Other capitalized terms used in this Exhibit which have not been defined herein shall have the meaning ascribed to such terms in the Agreement to which this exhibit is attached.

LEVITAS - 2

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER
South Carolina

l. PURCHASE POWER AGREEMENT

These "Terms and Conditions" provide a mechanism through which Duke Energy Carolinas, LLC, hereafter called "Company," will agree to purchase energy or capacity or both from an Eligible Qualifying Facility as defined in the Schedule PP (SC) Purchased Power. The Purchase Power Agreement is solely for the purchase of electricity produced by Seller's generation, net of generator auxiliary requirement, and does not provide for the sale of any electric service by Company to Seller.

(a) Description - The Purchase Power Agreement (hereinafter sometimes termed "Agreement") shall consist of (1) Company's form of Purchase Power Agreement when signed by Seller and accepted by Company, (2) the applicable Schedule for the purchase of electricity as specified in the Purchase Power Agreement, and (3) these Terms and Conditions for the Purchase of Electric Power (hereinafter referred to as "Terms and Conditions"), and all changes, revisions, alterations therein, or substitutions therefor lawfully made.

(b) Application of Terms and Conditions and Schedules - All Purchase Power Agreements in effect at the effective date of this tariff or that may be entered into in the future, are made expressly subject to these Terms and Conditions, and subject to all applicable Schedules as specified in the Purchase Power Agreement, and any changes therein, substitutions thereof, or additions thereto lawfully made, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract or by order of the state regulatory authority having jurisdiction (hereinafter "Commission").

(c) Conflicts - In case of conflict between any provision of a Schedule and of these Terms and Conditions, the provision of the Schedule shall prevail.

(d) Waiver - The failure of either Party to enforce or insist upon compliance with any of the terms or conditions of this Agreement shall not constitute a waiver or relinquishment of any such terms or conditions, but the same shall be and remain at all times in full force and effect.

(e) Assignment of Agreement - A Purchase Power Agreement between Company and Seller may be transferred and assigned by Seller to any person, firm, or corporation purchasing or leasing and intending to continue the operation of the plant or business which is interconnected under such Agreement, subject to the written approval of Company. A Purchase Power Agreement shall not be transferred and assigned by Seller to any person, firm, or corporation that is party to any other purchase agreement under which a party sells or seeks to sell power to Company from another Qualifying Facility that is located within one-half mile, as measured from the electrical generating equipment. Company will grant such approval upon being reasonably satisfied that the assignee will fulfill the terms of the Agreement and if, at Company's option, a satisfactory guarantee for the payment of any applicable bills is furnished by assignee. However, before such rights and obligations are assigned, the assignee must first obtain necessary approval from all regulatory bodies including, but not limited to, the Commission.

(f) Notification of Assignment, Transfer or Sale - In the event of an assignment of the rights and obligations accruing to Seller under this Agreement, or in the event of any contemplated sale, transfer or assignment of the Facility, Seller shall, in addition to obtaining the approvals hereof, provide a minimum of 30 days prior written notice advising Company of any plans for such an assignment, sale or transfer.

(g) Suspension of Sales Under Agreement at Seller's Request - If Seller is temporarily unable to produce the electricity contracted for due to physical destruction of, or damage to, his premises, Company will, upon written request of Seller, and for a period Company deems as reasonably required to replace or repair such premises, suspend billing under the Agreement, exclusive of any Monthly Facilities Charges, effective with the beginning of the next sales period.

(h) Termination of Agreement at Seller's Request - If Seller desires to terminate the Agreement, Company will agree to such termination if all bills for services previously rendered to Seller including any termination or other charges applicable under any Interconnection Agreement, plus any applicable termination charges, have been paid. Termination charges shall consist of any applicable termination charges for premature termination of capacity as set forth in paragraphs 4 and 6 of these Terms and Conditions. Company may waive the foregoing provision if Company has secured or expects to secure from a new occupant or operator of the premises an Agreement satisfactory to Company for the delivery of electricity to Company for a term not less than the unexpired portion of Seller's Agreement.

(i) Company's Right to Terminate or Suspend Agreement – Company, in addition to all other legal remedies, may either terminate the Agreement or suspend purchases of electricity from Seller based on any of the following: (1) default or breach of the Agreement by Seller, (2) any fraudulent or unauthorized use of Company's meter, (3) failure to pay any applicable bills when due and payable, (4) exceedance of the Contract Capacity or Maximum Annual Energy Production ~~any Material Alteration to the Facility~~ without Company's consent ~~or otherwise delivering energy in excess of the Contract Capacity specified under this Agreement~~, (5) any condition on Seller's side of the point of delivery actually known by Company to be, or which Company reasonably anticipates may be, dangerous to life or property, or (6) Seller's failure to deliver energy to Company for six (6) consecutive months. Termination of the Agreement shall be at Company's sole option and is only appropriate when Seller either cannot or will not cure its default.

No such termination or suspension, however, will be made by Company without written notice delivered to Seller, personally or by mail, stating what in particular in the Agreement has been violated, except that no notice need to be given in instances set forth in 1(i)(2) or 1(i)(5) above. Company shall give Seller thirty (30) calendar days prior written notice before suspending or terminating the Agreement pursuant to provisions 1(i)(1) and 1(i)(3)-(4). Company shall give Seller five (5) calendar days prior written notice before suspending or terminating the Agreement pursuant to provision 1(i)(6).

Failure of Company to terminate the Agreement or to suspend the purchase of electricity at any time after the occurrence of grounds therefor, or to resort to any other legal remedy or to exercise any one or more of such alternative remedies, shall not waive or in any manner affect Company's right later to resort to any one or more of such rights or remedies on account of any such ground then existing or which may subsequently occur.

Any suspension of the purchase of electricity by Company or termination of the Agreement upon any authorized grounds shall in no way operate to relieve Seller of Seller's liability to compensate Company for services and/or facilities supplied, nor shall it relieve Seller (1) of Seller's liability for the payment of minimum monthly charges during the period of suspension, nor (2) of Seller's liability for damages, if the Agreement has been terminated, in the amount of (a) the minimum monthly charges which would have been payable during the unexpired term of the Agreement plus (b) the Early Contract Termination charge as set forth in these Terms and Conditions.

2. CONDITIONS OF SERVICE

(a) Company is not obligated to purchase electricity from Seller unless and until: (1) Company's form of Purchase Power Agreement is executed by Seller and accepted by Company; (2) in cases where it is necessary to cross private property to accept delivery of electricity from Seller, Seller conveys or causes to be conveyed to Company, without cost to Company, a right-of-way easement, satisfactory to Company, across such private property which will provide for the construction, maintenance, and operation of Company's lines and facilities, necessary to receive electricity from Seller; provided, however, in the absence of a formal conveyance, Company nevertheless, shall be vested with an easement over Seller's premises authorizing it to do all things necessary including the construction, maintenance, and operation of its lines and facilities for such purpose; and (3) any inspection certificates or permits that may be required by law in the local area are furnished to Company. Where not required by law, an inspection by a Company-approved inspector shall be made at Seller's expense. In the event Seller is unable to secure such necessary rights of way, Seller shall reimburse Company for all costs Company may incur for the securing of such rights of way.

The obligation of Company in regard to service under the Agreement are dependent upon Company securing and retaining all necessary rights-of-way, privileges, franchises, and permits, for such service. Company shall not be liable to any Seller in the event Company is delayed or prevented from purchasing power by Company failure to secure and retain such rights-of-way, privileges, franchises, and permits.

(b) Seller shall operate its Facility in compliance with all: (i) System Operator Instructions provided by Company, including any Energy Storage Protocols approved by the Commission,~~provided~~ if applicable; (ii) applicable operating guidelines established by the North American Electric Reliability Corporation ("NERC"); and (iii) the SERC Reliability Corporation ("SERC") or any successor thereto.

(c) Seller shall submit an Interconnection Request as set forth in the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections. Company shall not be required to install facilities to support interconnection of Seller's generation or execute the Purchase Power Agreement until Seller has signed an Interconnection Agreement as set forth in the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections, as may be required by Company.

(d) If electricity is received through lines which cross the lands of the United States of America, a state, or any agency or subdivision of the United States of America or of a state, Company shall have the right, upon 30 days' written notice, to discontinue receiving electricity from any Seller or Sellers interconnected to such lines, if and when (1) Company is required by governmental authority to incur expenses in the relocation or the reconstruction underground of any portion of said lines, unless Company is reimbursed for such expense by Sellers or customers connected thereto, or (2) the right of Company to maintain and operate said lines is terminated, revoked, or denied by governmental authority for any reason.

3. DEFINITIONS

(a) "Auxiliary Load" shall mean power used to operate auxiliary equipment in the Facility necessary for power generation (such as pumps, blowers, fuel preparation machinery, and exciters).

(b) "Company's conductors" shall mean Company's wires extending from the point of connection with Company's existing electric system to the point of delivery.

(c) "Energy Storage Protocol" shall have the meaning specified in the Purchase Power Agreement.

(d) "Facility" shall have the meaning specified in the Purchase Power Agreement.

(e) "Interconnection" shall mean the connection of Company's conductors to Seller's conductors.

(f) "Maximum Annual Energy Production" shall be calculated as follows:

[Nameplate Capacity x 8760 x .30] x 1.10

~~(f) "Material Alteration" as used in this Agreement shall mean a modification to the Facility which renders the Facility description specified in this Agreement inaccurate in any material sense as determined by Company in a commercially reasonable manner including, without limitation, (i) the addition of a Storage Resource; (ii) a modification which results in an increase to the Contract Capacity, Nameplate Capacity (in AC or DC), generating capacity (or similar term used in the Agreement) or the estimated annual energy production of the Facility (the "Existing Capacity"), or (iii) a modification which results in a decrease to the Existing Capacity by more than five (5) percent. Notwithstanding the foregoing, the repair or replacement of equipment at the Facility (including solar panels) with like-kind equipment, which does not increase Existing Capacity, or decrease the Existing Capacity by more than five percent (5%), shall not be considered a Material Alteration.~~

(g) "Nameplate Capacity" shall mean the manufacturer's kW_{AC} nameplate rated output capability of the Facility as measured at the delivery point specified in AC. For multi-unit generator facilities, the "Nameplate Capacity" of the Facility shall be the sum of the individual manufacturer's kW_{AC} nameplate rated output capabilities of the generators. ~~The Nameplate Capacity shall also include the DC rating of the Facility.~~ For inverted-based generating facilities, the "Nameplate Capacity" shall be the manufacturer's rated kW_{AC} output on the inverters.

(h) "Prudent Utility Practice" means those practices, methods, equipment, specifications, standards of safety, and performance, as the same may change from time to time, as are commonly used in the construction, interconnection, operation, and maintenance of electric power facilities, inclusive of delivery, transmission, and generation facilities and ancillaries, which in the exercise of good judgement and in light of the facts known at the time of the decision being made and activity being performed are considered: (i) good, safe, and prudent practices; (ii) are in accordance with generally accepted standards of safety, performance, dependability, efficiency, and economy in the United States; (iii) are in accordance with generally accepted standards of professional care, skill, diligence, and competence in the United States; and, (iv) are in compliance with applicable regulatory requirements and/or reliability standards. Prudent Utility Practices are not intended to be limited to the optimum practices, methods or acts to the exclusion of others, but rather are intended to include acceptable practices, methods and acts generally accepted in the energy generation and utility industry.

(i) "Purchase" or "Purchase of electricity" shall be construed to refer to the electricity supplied to Company by Seller from the Facility.

(j) "Seller's conductors" shall mean Seller's wires extending from the point of delivery to the switch box or other point where Seller's circuits connect for the purpose of supplying the electricity produced by Seller.

~~(k) "Storage Resource" means battery storage or other energy storage device installed at or connected behind the meter of the Facility.~~

~~(l)~~(k) "System Operator Instruction" means any order, action, requirement, demand, or direction, from the system operator in accordance with Prudent Utility Practice, and delivered to Seller in a non-discriminatory manner, to operate, manage and/or otherwise maintain safe and reliable operations of the system, including, without limitation, an order to suspend or interrupt any operational activity due to an emergency condition or force majeure event; provided however, a System Operator Instruction in response to an emergency condition, force majeure event, or operational condition relating specifically to or created by the Facility shall not be deemed or considered discriminatory.

4. CONTRACT CAPACITY

(a) The Contract Capacity shall be specified in the Purchase Power Agreement and shall not exceed the capacity specified in Seller's Interconnection Agreement. This term shall mean the maximum continuous electrical output capability expressed on an alternating current basis of the generator(s) at any time, at a power factor of approximately unity, without consuming VARs supplied by Company, as measured at the Point of Delivery and shall be the maximum kW_{AC} delivered to Company during any billing period. Seller shall not exceed the ~~existing~~ Contract Capacity unless and until the increase has been agreed to in an amendment executed by Company and Seller and Seller's facilities have been upgraded to accept the actual or requested increase as may be required by Company in its commercially reasonable discretion.

(b) Seller shall not change the Contract Capacity (AC ~~or DC~~), or exceed the Maximum Annual Energy Production ~~contracted estimated annual energy production~~ without adequate notice to Company, and without receiving Company's prior written consent, and if such unauthorized increase causes loss of or damage to Company's facilities, the cost of making good such loss or repairing such damage shall be paid by Seller.

(c) Company may require that a new Contract Capacity be determined when it reasonably appears that the capacity of Seller's generating facility or annual energy production will deviate from contracted or established levels for any reason, including, but not limited to, a change in water flow, steam supply, or fuel supply.

(d) Seller may apply to Company to increase the Contract Capacity during the Contract Period and, upon approval by Company and execution of an amendment to implement the change by Company and Seller, future Monthly delivered capacities shall not exceed the revised Contract Capacity. If such increase in Contract Capacity results in additional costs associated with redesign or a resizing of Company's facilities, such additional costs to Seller shall be determined in accordance with the Interconnection Agreement.

~~(e) Any Material Alteration to the Facility, including without limitation, an increase in the Existing Capacity or a decrease in the Existing Capacity by more than five (5) percent or the addition of energy storage capability, shall require the prior written consent of Company, which may be~~

~~withheld in Company's sole discretion, and shall not be effective until memorialized in an amendment executed by Company and Seller.~~

5. MAXIMUM~~ESTIMATED~~ ANNUAL ENERGY PRODUCTION

The ~~estimated annual energy production from the Facility specified in the Purchase Power Agreement shall be the estimated~~ total annual kilowatt-hours registered or computed by or from Company's metering facilities for each time period during a continuous 12-month interval shall not exceed the Maximum Annual Energy Production without the express written consent of Company.

6. EARLY CONTRACT TERMINATION

Early Contract Termination - If Seller terminates the Agreement, or the Agreement is terminated by Company as permitted in Section 1(i) prior to the expiration of the initial (or extended) term of the Purchase Power Agreement, the following payment shall be made to Company by Seller:

Seller shall pay to Company the total Energy and/or Capacity credits received in excess of the sum of what would have been received under the Variable Rate for Energy and/or Capacity Credits applicable at the initial term of the contract period and as updated every two years, plus interest. The interest should be the weighted average rate for new debt issued by Company in the calendar year previous to that in which the Agreement was commenced.

7. CONTRACT RENEWAL

This Agreement shall be subject to renewal for subsequent term(s) at the option of Company on substantially the same terms and provisions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration Company's then avoided cost rates and other relevant factors, or (2) set by arbitration.

8. QUALITY OF ENERGY RECEIVED

(a) Seller has full responsibility for the routine maintenance of its generating and protective equipment to insure that reliable, utility grade electric energy is being delivered to Company.

(b) The Facility shall be operated in such a manner as to generate reactive power as may be reasonably necessary to maintain voltage levels and reactive area support as specified by Company. Any operating requirement is subject to modification or revision if warranted by future changes in the distribution or transmission circuit conditions.

(c) Seller may operate direct current generators in parallel with Company through a synchronous inverter. The inverter installation shall be designed such that a utility system interruption will result in the removal of the inverter infeed into Company's system. Harmonics generated by a DC generator-inverter combination must not adversely affect Company's supply of electric service to, or the use of electric service by Company's other customers, and any correction thereof is the full responsibility of Seller.

(d) In the event Company determines, based on calculations, studies, analyses, monitoring, measurement or observation, that the output of the Facility will cause or is causing Company to

be unable to provide proper voltage levels to its customers, Seller shall be required to comply with a voltage schedule and/or reactive power output schedule as prescribed by Company.

~~(e) All Material Alterations to the Facility shall require the prior written consent from Company, and Seller shall provide Company written notification of any requested changes to the Facility, support equipment such as inverters, or interconnection facilities as soon as reasonably possible to allow Company adequate time to review such requested changes to ensure continued safe interconnection prior to implementation.~~

~~(f)~~(e) Failure of Seller to comply with either (a), (b), (c), (d) or (e) above will constitute grounds for Company to cease parallel operation with Seller's generation equipment and constitute grounds for termination or suspension of the Agreement as set forth under paragraph 1 above.

9. BILLING

(a) Meters will be read and bills rendered monthly. Readings are taken each month at intervals of approximately thirty (30) days.

(b) If Company is unable to read its purchase meter for any reason, Seller's production may be estimated by Company on the basis of Seller's production during the most recent preceding billing period for which readings were obtained, unless some unusual condition is known to exist. A bill or payment rendered on the basis of such estimate shall be as valid as if made from actual meter readings.

(c) The term "Month" or "Monthly", as used in Company's Schedules and Riders, refers to the period of time between the regular meter readings by Company, except that if the period covered by an initial or final bill, or due to rerouting of the meter reading schedule, is more than 35 or less than 25 days, the bill will be prorated based on a 30-day billing month.

(d) Payments for capacity and/or energy will be made to Seller based on the rate schedule stated in the Purchase Power Agreement.

(e) Company reserves the right to set off against any amounts due from the Company to Seller, any amounts which are due from Seller to Company, including, but not limited to, unpaid charges pursuant to the Interconnection Agreement or past due balances on any accounts Seller has with Company for other services.

10. RECORDS

In addition to the regular meter readings to be taken monthly for billing purposes, Company may require additional meter readings, records, transfer of information, etc. as may be agreed upon by the Parties. Company reserves the right to provide to the Commission or the FERC or any other regulatory body, upon request, information pertaining to this Agreement, including but not limited to: records of the Facility's generation output and Company's purchases thereof (including copies of monthly statements of power purchases and data from load recorders and telemetering installed at the Facility); copies of this Agreement. Company will not provide any information developed solely by Seller and designated by Seller in writing to be "proprietary" unless required to do so by order of the Commission or the FERC or any other regulatory body or court, in which event, Company will notify Seller prior to supplying the proprietary information.

Seller shall provide to Company, on a monthly basis within ten (10) days of the meter reading date and in form to be mutually agreed upon by the Parties, information on the Facility's fuel costs (coal, oil, natural gas, supplemental firing, etc.), if any, for the power delivered to the Company during the preceding month's billing period.

11. METER STOPPAGE OR ERROR

In the event a meter fails to register accurately within the allowable limits established by the state regulatory body having jurisdiction, Company will adjust the measured energy for the period of time the meter was shown to be in error, and shall, as provided in the rules and regulations of the state regulatory body having jurisdiction, pay to Seller, or Seller shall refund to Company, the difference between the amount billed and the estimated amount which would have been billed had the meter accurately registered the kilowatt hours provided by Seller. No part of any minimum service charge shall be refunded.

12. POINT OF DELIVERY

The point of delivery is the point where Company's conductors are, or are to be, connected to Seller's conductors. Seller shall do all things necessary to bring its conductors to such point of delivery for connection to Company's conductors, and shall maintain said conductors in good order at all times. If Seller chooses to deliver power to Company through a point of delivery where Seller presently receives power from Company, then the point of delivery for the purchase of generation shall be the same point as the point of delivery for electric service.

13. INTERCONNECTION FACILITIES

If Seller is not subject to the terms and conditions of the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections, as approved by the Commission in Docket No. 2015-362-E, Order No. 2016-191 the following conditions shall apply to Interconnection Facilities necessary to deliver Seller's electricity to Company. Otherwise, the terms and conditions of the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections, as approved by the Commission in Docket No. 2015-362-E, Order No. 2016-191 govern.

(a) By Company: Company shall install, own, operate, maintain, and otherwise furnish all lines and equipment located on its side of the point of delivery to permit parallel operation of Seller's facilities with Company's system. It shall also install and own the necessary metering equipment, and meter transformers, where necessary, for measuring the electricity delivered to Company, though such meter may be located on Seller's side of the point of delivery. Interconnection facilities, installed by either Company or Seller, solely for such purpose, include, but are not limited to connection, line extension, transformation, switching equipment, protective relaying, metering, telemetering, communications, and appropriate safety equipment.

Any interconnection facilities installed by Company necessary to receive power from Seller shall be considered Interconnection Facilities and shall be provided, if Company finds it practicable, under the following conditions:

(1) The facilities will be of a kind and type normally used by or acceptable to Company and will be installed at a place and in a manner satisfactory to Company.

(2) Seller will pay to Company a Monthly Interconnection Facilities Charge based on 1.0 percent of the estimated original installed cost and rearrangement cost of all facilities, including metering, required to accept interconnection, but not less than $25 per month; however, the $25 minimum will not apply when the Interconnection Facilities consist only of the meter. The monthly charge for the Interconnection Facilities to be provided under this Agreement is subject to the rates, Service Regulations and conditions of Company as the same are now on file with the Commission and may be changed or modified from time to time upon approval by the Commission. Any such changes or modifications, including those which may result in increased charges for the Interconnection Facilities to be provided by Company, shall be made a part of this Agreement to the same effect as if fully set forth herein.

(3) If Company increases its investment in interconnection facilities or other special facilities required by Seller (including conversion of Company's primary voltage to a higher voltage), the Monthly Interconnection Facilities Charge for providing the additional facilities will be adjusted at that time. If the Monthly Interconnection Facilities Charge increases, Seller may terminate the Interconnection Facilities in accordance with the applicable termination paragraph 1 above, or continue Interconnection Facilities under the changed conditions.

(4) In lieu of the Monthly Interconnection Facilities Charge of 1.0 percent, Seller may elect to make a contribution equal to the total interconnection facilities investment, plus associated tax gross-ups. In lieu of the monthly charge above, at Company’s option, Customer may elect to be billed under an alternative payment option to the 1.0 percent per month. Under such option, the payment must be renewed after each thirty-four (34) year period.

(5) The Monthly Interconnection Facilities Charge as determined shall continue regardless of the term of the Agreement until Seller no longer has need for such facilities. In the event Seller’s interconnection facilities should be discontinued or terminated in whole or in part, such discontinuation or termination should be calculated in accordance with 1, above.

(6) Seller’s wiring and appurtenant structures shall provide for the location, connection, and installation of Company’s standard metering equipment or other equipment deemed necessary by Company for the metering of Seller’s electrical output. Company shall, at its expense, be permitted to install, in Seller’s wiring or equipment, any special metering devices or equipment as deemed necessary for experimental or monitoring purposes.

(7) Company shall furnish and install the Interconnection Facilities no later than the date requested by Seller for such installation. Seller’s obligation to pay the Interconnection Facilities charges shall begin upon the earlier of (1) completion of the installation but no earlier than the requested in-service date specified in the Interconnection Agreement or (2) the first date when energy is generated and delivered to Company, and such charges shall apply at all times thereafter during the term of this Agreement, whether or not Seller is actually supplying electric power to Company.

(b) By Seller: Seller shall install, own, operate, and maintain all lines, and equipment, exclusive of Company's meter and meter transformers, on Seller's side of the point of delivery. Seller will be the owner and have the exclusive control of, and responsibility for, all electricity on Seller's side of the point of delivery. Seller must conform to the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections. Seller's wiring shall be arranged such that all electricity generated for sale can be supplied to one point of delivery and measured by a single meter. Company's meter may be located on Seller's side of the point of delivery, and when it is to be so located, Seller must make suitable provisions in Seller's wiring, at a place suitable to Company, for the convenient installation of the type of meter Company will use. All of Seller's conductors installed on Company's side of the meter and not installed in conduit must be readily visible.

Seller shall install and maintain devices adequate to protect Seller's equipment against irregularities on Company's system, including devices to protect against single-phasing. Seller shall also install and maintain such devices as may be necessary to automatically disconnect Seller's generating equipment, which is operated in parallel with Company, when service provided by Seller is affected by electrical disturbances on Company's or Seller's systems, or at any time when Company's system is de-energized from its prime source.

(c) Access to Premises: The duly authorized agents of Company shall have the right of ingress and egress to the premises of Seller at all reasonable hours for the purpose of reading meters, inspecting Company's wiring and apparatus, changing, exchanging, or repairing Company's property on the premises of Seller, or removing such property at the time of or at any time after suspension of purchases or termination of this Agreement.

(d) Protection: Seller shall protect Company's wiring and apparatus on Seller's premises and shall permit no one but Company's agents to handle same. In the event of any loss of or damage to such property of Company caused by or arising out of carelessness, neglect, or misuse by Seller or Seller's employees or agents, the cost of making good such loss or repairing such damage shall be paid by Seller. In cases where Company's service facilities on Seller's premises require abnormal maintenance due to Seller's operation, Seller shall reimburse Company for such abnormal maintenance cost.

14. CONTINUANCE OF PURCHASES AND LIABILITY THEREFOR

The Parties do not guarantee continuous service but shall use reasonable diligence at all times to provide for uninterrupted acceptance and supply of electricity. Each Party shall at all times use reasonable diligence to provide satisfactory service for the acceptance or supply of electricity, and to remove the cause or causes in the event of failure, interruption, reduction or suspension of service for the acceptance or supply of electricity, but neither Party shall be liable for any loss or damage resulting from such failure, interruption, reduction or suspension of service, nor shall same be a default hereunder, when any interruption of service for the acceptance or supply of electricity is due to any of the following:

(a) An emergency condition or action due to an adverse condition, event, and/or disturbance on Company's system, or on any other system directly or indirectly interconnected with it, which requires automatic or manual interruption of the supply of electricity to some customers or areas, or automatic or manual interruption, reduction, or cessation of the acceptance of electricity into Company's electrical system in order to limit the occurrence of or extent or

damage of the adverse condition or disturbance to Company's system or capability to reliably provide service in compliance and accordance with prudent practices, regulatory requirements, and/or reliability standards, or to prevent damage to generating or transmission facilities, or to expedite restoration of service, or to effect a reduction in service to compensate for an emergency condition on an interconnected system. An emergency condition or action shall include any circumstance that requires action by Company to comply with any electric reliability organization or NERC/SERC regulations or standards, including without limitation actions to respond to, prevent, limit, or manage loss or damage to Seller's Facility, reliability impairment, loss or damage to Company's system, disruption of generation by Seller, disruption of reliability or service on Company's system, an abnormal condition on the system, and/or endangerment to human life or safety.

(b) An event or condition of force majeure, as described below.

(c) Making necessary adjustments to, changes in, or repairs on Company lines, substations, and facilities, and in cases where, in its opinion, the continuance of service from Seller's premises would endanger persons or property.

Seller shall be responsible for promptly taking all actions requested or required by Company to avoid, prevent, or recover from the occurrence and/or imminent occurrence of any emergency condition and in response to any emergency condition or condition of force majeure, including without limitation installing and operating any equipment necessary to take such actions.

Seller shall be responsible for ensuring the safe operation of its equipment at all times, and will install and maintain, to Company's satisfaction, the necessary automatic equipment to prevent the back feed of power into, or damage to Company's de-energized system, and shall be subject to immediate disconnection of its equipment from Company's system if Company determines that such equipment is unsafe or adversely affects Company's transmission/distribution system or service to its other customers.

Seller assumes responsibility for and shall indemnify, defend, and save Company harmless against all liability, claims, judgments, losses, costs, and expenses for injury, loss, or damage to persons or property including personal injury or property damage to Seller or Seller's employees on account of defective construction, wiring, or equipment, or improper or careless use of electricity, on Seller's side of the point of delivery.

15. FORCE MAJEURE

Circumstances beyond the reasonable control of a Party which solely cause that Party to experience delay or failure in delivering or receiving electricity or in providing continuous service hereunder, including: acts of God; unusually severe weather conditions; earthquake; strikes or other labor difficulties; war; riots; fire; requirements shall be deemed to be "events or conditions of force majeure." It also includes actions or failures to act on the part of governmental authorities (including the adoption or change in any rule or regulation or environmental constraints lawfully imposed by federal, state or local government bodies), but only if such requirements, actions or failures to act prevent or delay performance; or transportation delays or accidents. Events or conditions of force majeure do not include such circumstances which merely affect the cost of operating the Facility.

Neither Party shall be responsible nor liable for any delay or failure in its performance hereunder due solely to events or conditions of force majeure, provided that:

(a) The affected Party gives the other Party written notice describing the particulars of the event or condition of force majeure, such notice to be provided within forty-eight (48) hours of the determination by the affected Party that an event or condition of force majeure has occurred, but in no event later than thirty (30) days from the date of the occurrence of the event or condition of force majeure;

(b) The delay or failure of performance is of no longer duration and of no greater scope than is required by the event or condition of force majeure, provided that in no event shall such delay or failure of performance extend beyond a period of twelve (12) months;

(c) The affected Party uses its best efforts to remedy its inability to perform;

(d) When the affected Party is able to resume performance of its obligations under this Agreement, that Party shall give the other Party prompt written notice to that effect; and,

(e) The event or condition of force majeure was not caused by or connected with any negligent or intentional acts, errors, or omissions, or failure to comply with any law, rule, regulation, order or ordinance, or any breach or default of this Agreement.

16. INSURANCE

Seller shall obtain and retain, for as long as the generation is interconnected with Company's system, either the applicable home owner's insurance policy with liability coverage of at least $100,000 per occurrence or the applicable comprehensive general liability insurance policy with liability coverage in the amount of at least $300,000 per occurrence, which protects Seller from claims for bodily injury and/or property damage. This insurance shall be primary for all purposes. Seller shall provide certificates evidencing this coverage as required by Company. Company reserves the right to refuse to establish, or continue the interconnection of Seller's generation with Company's system, if such insurance is not in effect.

17. GOVERNMENTAL RESTRICTIONS

This Agreement is subject to the jurisdiction of those governmental agencies having control over either party or over this Agreement. This Agreement shall not become effective until all required governmental authorizations are obtained. Certification of receipt of all permits and authorizations shall be furnished by Seller to Company upon Company's request. This Agreement shall not become effective unless it and all provisions thereof are authorized and permitted by such governmental agencies without change or conditions.

This Agreement shall at all times be subject to changes by such governmental agencies, and the parties shall be subject to conditions and obligations, as such governmental agencies may, from time to time, direct in the exercise of their jurisdiction, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract. Both parties agree to exert their best efforts to comply with all of the applicable rules and regulations of all governmental agencies having control over either party or this Agreement. The parties shall take all reasonable action necessary to secure all required governmental approval of this Agreement in its entirety and without change.

The delivery date, quantity, and type of electricity to be accepted for purchase by Company, from Seller, are subject to changes, restrictions, curtailments, or complete suspensions by Company as

may be deemed by it to be necessary or advisable (a) on account of any lawful order or regulation of any municipal, State, or Federal government or agency thereof, or order of any court of competent jurisdiction, or (b) on account of any emergency due to war, or catastrophe, all without liability on the part of Company therefor.

LEVITAS - 3

DUKE NOTICE: THIS WORKING DRAFT DOES NOT CONSTITUTE A BINDING OFFER, SHALL NOT FORM THE BASIS FOR AN AGREEMENT BY ESTOPPEL OR OTHERWISE, AND IS CONDITIONED UPON BUYER'S RECEIPT OF ALL REQUIRED APPROVALS (INCLUDING MANAGEMENT, CREDIT AND LEGAL APPROVAL). ANY ACTIONS TAKEN BY A PARTY IN RELIANCE ON THE TERMS SET FORTH IN THIS WORKING DRAFT OR ON STATEMENTS MADE DURING NEGOTIATIONS PURSUANT TO THIS WORKING DRAFT SHALL BE AT THAT PARTY'S OWN RISK. UNTIL THIS AGREEMENT IS FULLY NEGOTIATED, APPROVED BY BUYER IN ITS SOLE DISCRETION, AND EXECUTED BY BOTH PARTIES, NO PARTY WILL HAVE ANY LEGAL OBLIGATION OR LIABILITY, WHETHER EXPRESSED OR IMPLIED, OR OTHERWISE ARISING IN ANY MANNER UNDER THIS DRAFT OR IN THE COURSE OF NEGOTIATIONS.

DUKE ENERGY®

DUKE ENERGY® PROGRESS

POWER PURCHASE AGREEMENT

Buyer: [Duke Energy Carolinas, LLC] [Duke Energy Progress, LLC].

Overnight Mail: 400 South Tryon Street
Mail Code: ST 14Q
Charlotte, North Carolina 28202
Regular Mail: PO Box 1006
Mail Code: ST 14Q
Charlotte, NC 28201-1006
Attn.: Contract Administrator
DERContracts@duke-energy.com

With Additional Notices of Events of Default Or Potential Event of Default to:
Overnight Mail: 550 S. Tryon St.
Charlotte, North Carolina 28202
Regular Mail: P.O. Box 1321, DEC45
Charlotte, North Carolina 28201-1321
Attn.: VP Commercial Legal Support

Seller:

_____
_____
_____
_____
_____

This Power Purchase Agreement, including Exhibits 1-10 hereto, which are

incorporated into and made part hereof (collectively, the "Agreement"), is made and entered into by and between [*insert full legal name of Seller*] ("Seller") and Duke Energy [Carolinas][Progress], LLC ("Buyer") under the terms specified herein. Buyer and Seller may be referred to herein individually as a "Party" and collectively as the "Parties." Notwithstanding anything set forth herein, neither this Agreement nor any transaction contemplated hereunder will be effective **unless and until both Parties have executed** and delivered this Agreement, and the later of such date shall be the "Effective Date" of this Agreement.

NOW THEREFORE, IN CONSIDERATION OF THE PROMISES AND MUTUAL COVENANTS SET FORTH HEREIN, FOR GOOD AND VALUABLE CONSIDERATION, THE SUFFICIENCY OF WHICH IS ACKNOWLEDGED, AND INTENDING TO BE BOUND HEREBY, THE PARTIES AGREE AS FOLLOWS:

1. **Definitions**

Unless defined in the body of the Agreement, any capitalized term herein shall have the meaning set forth below:

1.1. "AAA" is defined in Section 6.2.1.

1.2. "Abandon(s)" means the relinquishment of control or possession of the Facility and/or cessation of operations of or at the Facility by Seller. "Abandon" excludes cessation of generation to comply with Prudent Utility Practices, Permitted Excuse to Perform, or due to maintenance or repair of the Facility (including Maintenance Outages and Planned Outages), provided that such maintenance or repair activities are being performed in a Commercially Reasonable Manner and with Prudent Utility Practice.

1.3. "Affiliate" means, with respect to any entity, each entity that directly or indirectly controls, is controlled by, or is under common control with, such designated entity, with "control" meaning the possession, directly or indirectly, of the power to direct management and policies, or otherwise have control of an entity, whether through the ownership of voting securities or by contract or otherwise. Notwithstanding the foregoing, with respect to Buyer the term Affiliate does not include any subsidiaries or affiliates whose activities are subject to the oversight or regulation of any state commission(s) and/or federal energy regulatory commission.

1.4. "Agreement" is defined in the introductory paragraph hereof.

1.5. "Assignment" is defined in Section 24.1.

1.6. "Back-Up Tapes" is defined in Section 16.3.

1.7. "Bankrupt" means, with respect to a Party or any Affiliate of such Party that is currently acting as its credit support provider, that such Party or Affiliate acting as credit support provider: (a) makes an assignment or any general arrangement for the benefit of creditors; (b) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy or similar law for the protection of creditors; (c) has such a petition filed against it as debtor and such petition is not stayed, withdrawn, or dismissed within sixty (60) Business Days of such filing; (d) seeks or has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets; (e) has a distress, execution, attachment, sequestration or other legal process levied or enforced on or against all or substantially all of its assets; (f) is unable to pay its debts as they fall due or admits in writing of its inability to pay its debts generally as they become due; and/or (g) otherwise becomes bankrupt or insolvent (however evidenced).

1.8. "Billing Meter" is defined in Section 10.

1.9. "Billing Period" is defined in Section 11.

1.10. "Business Day" means any day on which the Federal Reserve member banks in New York City are open for business. A Business Day shall run from 8:00 a.m. to 5:00 p.m. Eastern Prevailing Time.

1.11. "Buyer" shall have the meaning specified in the first paragraph of this Agreement.

1.12. "Capacity" means and includes the electric generation capability and ability of the Facility and all associated characteristics and attributes, inclusive of the ability to contribute to peak system demands, as well as reserve requirements.

1.13. "Change of Control" means a transaction or series of related transactions (by way of merger, consolidation, sale of stock or assets, or otherwise) with any person, entity or "group" (within the meaning of Section 13(d)(3) of the U.S. Securities Exchange Act of 1934) of persons pursuant to which such person, entity, or group would directly or indirectly acquire (i) 50% or more of the voting interests in Seller or (ii) substantially all of the assets of Seller. Notwithstanding the foregoing, a Change of Control shall not be deemed to occur based on an internal reorganization where the ultimate parent of the Seller (as of the Effective Date) directly or indirectly retains 50% or more of the voting interests in Seller or substantially all of its assets and provided that Seller has provided Buyer no less than thirty (30) days prior written notice of such reorganization.

1.14. "Commercial Operation" means that the Facility is operational and placed into service such that all of the following have occurred and remain simultaneously true and accurate: (a) the Facility has been constructed, tested, and is fully capable of operating for the purpose of generating the Product and delivering as required herein; (b) the Facility has received written authorization from the Transmission Provider for interconnection and synchronization of the Facility with the System; and, (c) the Facility has obtained all necessary Permits and Required Approvals; and, (d) the Facility has met all requirements necessary for safely and reliably generating the Product and delivering the Product to Buyer in accordance with Prudent Utility Practice.

1.15. "Commercial Operation Date" means the date on which the Facility achieves or achieved Commercial Operation.

1.16. "Commercially Reasonable Manner" or "Commercially Reasonable" means, with respect to a given goal or requirement, the manner, efforts and resources a reasonable person in the position of the promisor would use, in the exercise of its reasonable business discretion and industry practice, so as to achieve that goal or requirement, which in no event shall be less than the level of efforts and resources standard in the industry for comparable companies with respect to comparable products. Factors used to determine whether a goal or requirement has been performed in a "Commercially Reasonable Manner" may include, but shall not be limited to, any specific factors or considerations identified in the Agreement as relevant to such goal or requirement.

1.17. "Commission" means the Public Service Commission of South Carolina, or any successor thereto.

1.18. "Contract Price" is defined in Section 4.4.

1.19. "Contract Quantity" is defined in Section 4.2.

1.20. "Costs" means, with respect to the Non-Defaulting Party, brokerage fees, commissions, and other similar third party transaction costs and expenses, and other costs and expenses

reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace the terminated transaction(s), and all reasonable attorneys' fees and other legal expenses incurred by the Non-Defaulting Party in connection with the termination.

1.21. "Credit Rating" means, with respect to any entity, the rating then assigned to such entity's unsecured, senior long-term debt obligations (not supported by third party credit enhancements) or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as a corporate or issuer rating.

1.22. "Creditworthy" or "Creditworthiness" - means (i) a Person with an investment grade Credit Rating from two (2) of the three (3) Rating Agencies such that its senior unsecured debt (or issuer rating if such Person has no senior unsecured debt rating) is rated at least (A) BBB- by S&P, if rated by S&P, (B) Baa3 by Moody's, if rated by Moody's, and (C) BBB- by Fitch, if rated by Fitch, respectively, or (ii) has satisfactory and verifiable creditworthiness determined in Buyer's reasonable discretion.

~~1.22.~~1.23. "Default Liquidated Damages" is defined in Section 20.5.1.

~~1.23.~~1.24. "Defaulting Party" is defined in Section 19.1.

~~1.24.~~1.25. "Delivery Period" is defined in Section 4.1.

~~1.25.~~1.26. "Delivery Point" means the point of interconnection between the Facility and the System on the high side (Buyer or Transmission Provider side) of the System.

~~1.26.~~1.27. "Dispatch Down" is defined in Section 8.6.

~~1.27.~~1.28. "Dispatch Down Payment Event" is defined in Section 8.6.

~~1.28.~~1.29. "Disputes" is defined in Section 23.1.

~~1.29.~~1.30. "Due Diligence Period" is defined in Section 3.3.

~~1.30.~~1.31. "Early Termination Date" is defined in Section 20.1.

~~1.31.~~1.32. "Effective Date" is defined in the introductory paragraph hereto.

~~1.32.~~1.33. "Emergency Condition" means, no matter the cause: (a) any urgent, abnormal, operationally unstable, dangerous, or public safety condition that is existing on the System or any portion thereof; (b) any urgent, abnormal, operationally unstable, dangerous, and/or public safety condition that is likely to result in any of the following: (i) loss or damage to the Facility or the System, (ii) disruption of generation by the Facility, (iii) disruption of service or stability on, to or of the System, or (iv) condition that may result in endangerment of human life or public safety; or (c) any circumstance that requires action by the System Operator to comply with standing NERC regulations or standards, including without limitation actions to respond to, prevent, limit, or manage loss or damage to the Facility, loss or damage to the System, disruption of generation by the Facility, disruption of service on the System, an abnormal condition on the System, and/or endangerment to human life or safety. An Emergency Condition will be an excuse to Seller's performance only if such condition is not due to Seller's negligence, willful misconduct, and/or Seller's failure to perform as required under this Agreement.

~~1.33.~~1.34. "Emergency Condition Instruction" means any System Operator Instruction relating to, due to, in response to, or to address an Emergency Condition.

1.35. "Energy" means three-phase, 60-cycle alternating current electric power and energy, expressed in either kWh or MWh, as the case may be.

1.36. "EPT" or "Eastern Prevailing Time" means the time in effect in the Eastern Time Zone of the United States of America, whether it be Eastern Standard Time or Eastern Daylight Savings Time.

1.37. "Estimation Methodology" is defined in Section 8.6.2.

1.38. "Event of Default" is defined in Section 19.1.

1.39. "Expected Annual Output" means the quantity of Energy identified in Exhibit 5 for each calendar year during the Delivery Period of the Facility.

1.40. "Facility" means Seller's [describe facility including renewable energy resource used] electric generating facility located in [_____] County, [_____ [State], at _____], as further identified in Exhibit 4.

1.41. "FERC" means the Federal Energy Regulatory Commission or any successor thereto.

1.42. "First COD Date" is defined in Section 20.5.

1.43. Fitch" - means Fitch Ratings Ltd. or its successor.

1.44. "Force Majeure" is defined in Section 14.1.

1.45. "Force Majeure Instruction" means any System Operator Instruction relating to, due to, in response to, or to address a Force Majeure.

1.46. "GAAP" is defined in Section 9.1.

1.47. "Gains" means, with respect to the Non-Defaulting Party, an amount equal to the present value of the economic benefit to the Non-Defaulting Party, if any (exclusive of Costs), resulting from the termination of this Agreement for the remaining Term, determined in a Commercially Reasonable Manner. Factors used in determining the economic benefit may include, without limitation, reference to information available either internally or supplied by third parties, including without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, or other relevant market data, comparable transactions, settlement prices or market prices for comparable transactions, forward price curves, production by comparable facilities, expected and historical production, all calculated for the remaining Term of the Agreement for the Product (inclusive of all components).

1.48. "Governmental Authority" means any federal, state or local government, legislative body, court of competent jurisdiction, administrative agency or commission or other governmental or regulatory authority or instrumentality or authorized arbitral body, including, without limitation, the Commission.

1.49. "Guarantor" means any Creditworthy Person having the authority and agreeing to guarantee a Party's obligations under this Agreement and is otherwise acceptable to Buyer in its reasonable discretion.

1.50. "Guaranty" means a parent company guaranty, in substantially the form set forth in Exhibit 6 attached hereto, provided by a Guarantor in favor of Buyer guaranteeing the obligations of Seller under this Agreement.

1.51. "Interconnection Agreement" means the separate interconnection and transmission service agreement (or agreements) to be negotiated and executed between Seller and the Transmission Provider concerning the interconnection of the Facility with the System and the requirements for transmission service.

1.52. "Interconnection Instruction" means any order, action, signal, requirement, demand, and/or direction, howsoever provided or implemented by the System Operator due to, in response to, or to address any condition relating to any service and/or obligation occurring under the

Interconnection Agreement.

1.53. "Interest Rate" means, for any date, the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in *The Wall Street Journal* under "Money Rates" on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%); and, (b) the maximum rate permitted by applicable law.

1.54. "kW" means kilowatt.

1.55. "kWh" means kilowatt-hour.

1.56. "Letter(s) of Credit" means one or more irrevocable standby letters of credit substantially in the form of Exhibit 7 attached hereto (with only such changes as the issuing bank may reasonably require and as may be acceptable to Buyer in its reasonable discretion), issued by a U.S. commercial bank or other financial institution reasonably acceptable to Buyer, which is not an Affiliate of Seller, which has and maintains a Credit Rating of at least A- from S&P and A3 from Moody's, for the Security Period, permitting Buyer to draw the entire amount if either such amount is owed or such Letter of Credit is not renewed or replaced at least thirty (30) Business Days prior to its stated expiration date.

1.57. "Lien" means any mortgage, deed of trust, lien, pledge, charge, claim, security interest, easement, covenant, right of way, restriction, equity, or encumbrance of any nature whatsoever.

1.58. "Losses" means, with respect to the Non-Defaulting Party, an amount equal to the present value of the economic loss to the Non-Defaulting Party, if any (exclusive of Costs), resulting from the termination of this Agreement for the remaining Term, determined in a Commercially Reasonable Manner. Factors used in determining the economic loss or loss of economic benefit may include, without limitation, reference to information available either internally or supplied by third parties, including without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, or other relevant market data, comparable transactions, settlement prices or market prices for comparable transactions, forward price curves, production by comparable facilities, expected and historical production, all calculated for the remaining Term of the Agreement for the Product (inclusive of all components).

1.59. "Maintenance Outage" means the temporary operational removal of the Facility from service to perform work on specific components of the Facility, at a time when the Facility must be removed from service before the next Planned Outage in the interest of safety or the prevention of injury or damage to or undue wear and tear on the Facility or any component thereof.

1.60. Maximum Annual Energy Production" means MWh in any calendar year, calculated as follows: [Nameplate Capacity(AC) x 8760 x .30] x 1.10

~~1.59.~~1.61. .

~~1.60.~~1.62. "Milestone Deadline" means the deadline for Seller to achieve each Operational Milestone as set forth in Exhibit 3.

~~1.61.~~1.63. "Moody's" means Moody's Investors Service, Inc. or any successor-rating agency thereto.

~~1.62.~~1.64. "MW" means megawatt.

~~1.63.~~1.65. "MWh" means megawatt-hour.

~~1.64.~~1.66. "Nameplate Capacity Rating" means the maximum generating capability of the Facility

as measured at the Delivery Point (AC) as set forth in Exhibit 4.

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~~1.65.~~1.67. "NERC" means the North American Electric Reliability Corporation. For purposes of this Agreement, NERC includes any applicable regional entity with delegated authority from NERC, such as the SERC Reliability Corporation (SERC).

~~1.66.~~1.68. "Non-Defaulting Party" is defined in Section 20.

~~1.67.~~1.69. Operational Milestone" means each operational event and result that Seller must achieve as set forth in the Operational Milestone Schedule, with such supporting documentation as may be requested by Buyer from time-to-time in its Commercially Reasonable discretion.

~~1.68.~~1.70. "Operational Milestone Schedule" means the schedule established in Exhibit 3 setting forth each Operational Milestone that Seller must fully complete by the Milestone Deadline.

~~1.69.~~1.71. "Party" or "Parties" is defined in the introductory paragraph hereto.

~~1.70.~~1.72. "Performance Assurance" means collateral in the form of either cash, Letter(s) of Credit, or a Guaranty that is acceptable to Buyer in its sole discretion, in each case that meets the requirements set forth in this Agreement (including, without limitation, Section 5) provided by Seller to Buyer for the benefit of Buyer pursuant to this Agreement, as credit support, adequate assurances, and security to secure Seller's performance under this Agreement.

~~1.71.~~1.73. "Permit" means any permit, license, registration, filing, certificate of occupancy, certificate of public convenience and necessity, approval, variance or any authorization from or by any Governmental Authority and pursuant to any Requirements of Law.

~~1.72.~~1.74. "Permitted Excuse to Perform" means that Seller's obligation to generate, deliver, and sell and Buyer's obligation to receive and purchase is excused and no damages will be payable by either Party to the other Party, if and to the extent such failure is due solely to any of the following occurrences: (a) an Emergency Condition and/or (b) a Force Majeure event.

~~1.73.~~1.75. "Person" means any individual, entity, corporation, general or limited partnership, limited liability company, joint venture, estate, trust, association or other entity or Governmental Authority.

~~1.74.~~1.76. "Planned Outage" means the temporary operational removal of the Facility from service to perform work on specific components in accordance with a pre-planned operations schedule, such as for a planned annual overhaul, inspections, or testing of specific equipment of the Facility.

~~1.75.~~1.77. "Product" means the Capacity of the Facility and Energy generated by the Facility.

~~1.76.~~1.78. "Protected Information" is defined in Section 16.1

~~1.77.~~1.79. "Prudent Utility Practice" means those practices, methods, equipment, specifications, standards of safety, and performance, as the same may change from time to time, as are commonly used in the construction, interconnection, operation, and maintenance of electric power facilities similar to the Facility, inclusive of delivery, transmission, and generation facilities and ancillaries, which in the exercise of good judgment and in light of the facts known at the time of the decision being made and activity being performed are considered: (i) good, safe, and prudent practices; (ii) are in accordance with generally accepted standards of safety, performance, dependability, efficiency, and economy in the United States; (iii) are in accordance with generally accepted standards of professional care, skill, diligence, and competence in the United States; and, (iv) are in compliance with applicable regulatory requirements and/or reliability standards. Prudent Utility Practices are not intended to be

limited to the optimum practices, methods or acts to the exclusion of others, but rather are intended to include acceptable practices, methods and acts generally accepted in the energy generation and utility industry.

~~1.78.~~1.80. "PURPA" means the Public Utility Regulatory Policies Act of 1978, as amended, and as may be amended from time to time.

~~1.79.~~1.81. "PURPA Fuel Requirements" means the requirements set forth in 18 C.F.R. § 292.204 OR 205, as may be amended and/or restated.

~~1.80.~~1.82. "Qualifying Facility" means an electric generating facility that has been registered and certified by FERC as generator that qualifies for and meets the requirements set forth in PURPA, as it may be amended, and associated rules, regulations, orders.

~~1.81.~~1.83. "Rating Agency" or "Rating Agencies" - means the rating entities of S&P, Moody's or Fitch.

~~1.82.~~1.84. "Regulatory Event" is defined in Section 15.1.

~~1.83.~~1.85. "Required Approval" is defined in Section 6.

~~1.84.~~1.86. "Requirements of Law" means any applicable federal, state, and local law, statute, regulation, rule, code, ordinance, resolution, order, writ, judgment, decree or Permit enacted, adopted, issued or promulgated by any Governmental Authority, including, without limitation, (i) PURPA, (ii) those pertaining to the creation and delivery of the Product, (iii) those pertaining to electrical, building, zoning, occupational safety, health requirements or to pollution or protection of the environment, and (iv) principles of common law under which a person may be held liable for the release or discharge of any hazardous substance into the environment or any other environmental damage.

~~1.85.~~1.87. "Second COD Date" is defined in Section 20.5.1.

~~1.86.~~1.88. "Security Period" is defined in Section 5.7.

~~1.87.~~1.89. "Seller" shall have the meaning specified in the first paragraph of this Agreement.

~~1.88.~~1.90. "S&P" means Standard & Poor's Ratings Services, Inc. or any successor-rating agency thereto.

~~1.89.~~1.91. "Station Power" means the Energy generated by the Facility and, whether metered or unmetered, used on-site to supply the Facility's auxiliary load and parasitic load and/or for powering the electric generation equipment. Station Power shall not include any Energy generated by the Facility and stored for later delivery to the Buyer under this Agreement.

~~1.90.~~1.92. "System" means the transmission, distribution, and generation facilities that are owned, directed, managed, interconnected, controlled, or operated by Buyer and/or the Transmission Provider, including, without limitation, facilities to provide retail or wholesale service, substations, circuits, reinforcements, meters, extensions, and equipment associated with or connected to any interconnected facility or customer.

~~1.91.~~1.93. "System Operator" means the operators of the System that have the responsibilities for ensuring that the System as a whole or any part thereof operates safely, efficiently and reliably, including without limitation, the responsibilities to comply with any applicable operational or reliability requirements, the responsibilities to balance generation supply with customer load, the responsibilities to comply with any other regulatory obligation and the responsibilities to provide dispatch and curtailment instructions to generators supplying Energy to the System, and includes any person or entity delivering any such instruction to Seller.

~~1.92.~~1.94. "System Operator Instruction" means any order, action, requirement, demand, or direction, from the System Operator in accordance with Prudent Utility Practice, and delivered to Seller in a non-discriminatory manner, to operate, manage, and/or otherwise maintain safe and reliable operations of the System, including, without limitation those undertaken and implemented by the System Operator, in its sole discretion based on relevant System factors and considerations, including any and all operating characteristics, maintenance requirements, operational limitations, reliability (including, without limitation, standing NERC regulations or standards), safety, dispatch, constraints, discharge, emissions limitations, compliance requirements, communications, resource ramp-up and ramp-down constraints and implementation, and any other System considerations, which may include, without limitation, an order or action to: (i) interconnect, disconnect, integrate, operate in parallel, or synchronize with the System, (ii) increase (based on generator characteristics and Prudent Utility Practices), reduce, or cease generation output to comply with standing NERC regulations or standards; (iii) respond to any transmission, distribution, or delivery limitations or interruptions; (iv) perform or cease performing any activity so as to operate in accordance with System limitations, including, without limitation, operational constraints that would require the System Operator to force offline or reduce generation output from reliability generators to accommodate generation by the Facility; and, (v) suspend or interrupt any operational activity for an Emergency Condition or Force Majeure event; provided however, a System Operator instruction in response to an Emergency Condition, Force Majeure event, or operational condition relating specifically to or created by the Facility shall not be deemed or considered discriminatory.

~~1.93.~~1.95. "Taxes" means all taxes, fees, levies, licenses or charges imposed by any Governmental Authority, together with any interest and penalties thereon.

~~1.94.~~1.96. "Term" is defined in Section 3.1.

~~1.95.~~1.97. "Testing Period" is defined in Section 4.3.

~~1.96.~~1.98. "Transmission Provider" means the entity or division within [Duke Energy Carolinas, LLC] [Duke Energy Progress, LLC] that will provide interconnection and/or electric distribution or transmission service to enable delivery of Energy generated by the Facility to Buyer, and any such entity or division will include any successor or replacement thereto, including without limitation, a consolidated control area or a regional transmission organization.

2. **Interpretation**

2.1. Intent. Unless a different intention clearly appears, the following terms and phrases shall be interpreted as follows: (a) the singular includes the plural and vice versa; (b) the reference to any Person includes such Person's legal and/or permitted successors and assignees, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually; (c) the reference to any gender includes the other gender and the neuter; (d) reference to any document, including this Agreement, refers to such document as it may be amended, amended and restated, modified, replaced or superseded from time to time in accordance with its terms, or any successor document(s) thereto; (e) reference to any section or exhibit means such section or exhibit of this Agreement unless otherwise indicated; (f) "hereunder", "hereof", "hereto", "herein", and words of similar import shall be deemed references to this Agreement as a whole and not to any particular section or other provision; (g) "including" (and with correlative meaning "include"), means "including without limitation" and when following any statement or term, is not to be construed as limiting the general statement or term to the specific items or matters set forth or to similar items or matters, but rather as permitting the general statement or term to refer to all other items or matters that

could reasonably fall within its broadest possible scope; (h) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including"; (i) reference to any Requirements of Law refers to such Requirements of Law as it may be amended, modified, replaced or superseded from time to time, or any successor Requirements of Law thereto; and (j) all exhibits and attachments to this Agreement are hereby incorporated into this Agreement. Other terms used, but not defined in Section 1 or in the body of the Agreement, shall have meanings as commonly used in the English language and, where applicable, in the electric utility industry. Words not otherwise defined herein that have well known and generally accepted technical or trade meanings are used herein in accordance with such recognized meanings.

3. **Term and Termination**

3.1. Term. This Agreement shall be effective as of the Effective Date and shall remain in full force and effect until [insert term length] anniversary of the Commercial Operation Date ("Term"), unless terminated earlier pursuant to the provisions of this Agreement.

3.2. Termination and Survival. This Agreement may be terminated as provided for herein prior to the expiration of the Term. If this Agreement is terminated earlier than the expiration of the Term for any reason, including, without limitation, whether by its terms, mutual agreement, early termination, and/or event of default, such termination shall not relieve any Party of any obligation accrued or accruing prior to the effectiveness of such termination. Furthermore, any obligations, limitations, exclusions and duties which by their nature or the express terms of this Agreement extend beyond the expiration or termination of this Agreement, including, without limitation, provisions relating to compliance requirements, accounting, billing, billing adjustments, limitations or liabilities, dispute resolution, Performance Assurance, and any other provisions necessary to interpret or enforce the respective rights and obligations of the Parties hereunder, shall survive the expiration or early termination of this Agreement.

3.3. Condition Precedent for Seller. It is a condition to the continuing obligations of each Party under this Agreement that by no later than thirty (30) days from the Effective Date of this Agreement, Seller shall have delivered to Buyer written notice that Seller has completed its due diligence and has determined to continue to be obligated in accordance with this Agreement as executed (such period, "Due Diligence Period"). Seller agrees that it will perform such due diligence in good faith and in a Commercially Reasonable Manner to determine whether or not it can develop the Facility to perform under this Agreement, including determining whether Seller can obtain required Permits and debt and/or equity financing for the Facility. Seller agrees that it will be fully and solely responsible for any and all costs associated with developing the Facility, including the costs incurred during the Due Diligence Period. If Seller determines that it desires to perform under this Agreement, then prior to the expiration of the Due Diligence Period Seller shall deliver to Buyer written notice that it has completed its due diligence and it agrees to perform under this Agreement.

3.3.1. If Seller fails to deliver to Buyer, prior to the expiration of the Due Diligence Period, written notice in accordance with this Agreement that Seller desires to continue to be obligated in accordance with and under this Agreement, then this Agreement will automatically terminate as of such day, and neither Party shall have any obligation, duty, or liability to the other arising under this Agreement.

3.4. Condition Precedent for Buyer. It is a condition to the continuing obligations of each Party under this Agreement that the Commission shall have delivered to Buyer written notice that the Commission has: (i) completed its review of this Agreement; and, (ii) has accepted this Agreement for filing with the Commission without any modification, condition, suspension, or

investigation. No later than ten (10) Business Days after both Parties have executed this Agreement, Buyer will submit the Agreement for filing with the Commission. Seller agrees that Buyer will have sole discretion over all aspects of such submittal, including without limitation, the form and substance of the submittal, confidentiality, procedure, responding to any data requests, and providing any information to the Commission and the South Carolina Office of Regulatory Staff. Seller will not oppose or challenge the Commission's acceptance of this Agreement, and upon request by Buyer will promptly and fully support the Commission's acceptance of this Agreement without any modification, condition, suspension, or investigation. Buyer will make a good faith request that the Commission and the South Carolina Office of Regulatory Staff keep confidential the terms and conditions of this Agreement; *provided, however,* Seller agrees and acknowledges that information (including Protected Information) contained in this Agreement may become public by its submission to the Commission and the South Carolina Office of Regulatory Staff, and Seller hereby consents to any such disclosure, without any reservations and without any prior notice to Seller. If the Commission issues an order or any other directive to modify, condition, suspend, or investigate any aspect of this Agreement prior to its acceptance, then this Agreement will immediately terminate, and upon any such termination neither Party shall have any obligation, duty, or liability to the other Party under this Agreement; provided, however, that Seller shall have the option to enter into a new or modified agreement with Buyer that is consistent with this Agreement to the maximum extent possible consistent with the Commission's order. Buyer will provide notice to Seller after Buyer has received written notice of the Commission's determination in regards to Buyer's request that the Commission accept the Agreement for filing, and if such written notice from the Commission accepts this Agreement without any modification, condition, suspension, or investigation then Buyer will notify Seller that the condition precedent under this Section 3.4 has been satisfied.

4. **Purchase and Sale Obligations**

4.1. Delivery Period. The "Delivery Period" for the Product to be generated by the Facility and sold by Seller to Buyer shall be for all hours starting at 12:00:01 AM EPT on the Commercial Operation Date through 11:59:59 PM EPT on the last day of the Term, unless this Agreement is terminated earlier pursuant to its terms and conditions.

4.2. Contract Quantity. The "Contract Quantity" will be one hundred percent (100%) of the Capacity, output of Energy (including stored Energy) produced by the Facility, less that associated with Station Power.

4.2.1. Seller shall sell and deliver the Contract Quantity of the Product exclusively and solely to Buyer. Seller's failure to generate, sell, and deliver the Contract Quantity of the Product to Buyer will be excused with no damages payable to Buyer solely to the extent such failure is due to a Permitted Excuse to Perform.

4.2.2. Buyer shall have no obligation to receive, purchase, pay for, or pay any damages associated with not receiving the Product due to a Permitted Excuse to Perform. Buyer shall have full and exclusive rights to the Product (inclusive of all components), and will be entitled to full and exclusive use of the Product (inclusive of all components) for its purposes and in its sole and exclusive discretion.

4.2.3. The estimated monthly and annual Energy production of the Facility during the Delivery Period is set forth in Exhibit 1 hereto.

4.3. Testing Period. Prior to the Commercial Operation Date Seller may test the Facility's capability to operate and generate the Product in accordance with this Agreement (the "Testing Period").

Seller shall provide Buyer with written notice of a date certain on which Seller desires to initiate the Testing Period. After the Commercial Operation Date, Buyer shall purchase the Energy produced by the Facility during the Testing Period, but expressly subject to Buyer fully satisfying the following conditions: (i) the Testing Period will not exceed sixty (60) days; and, (ii) Seller shall certify in writing to Buyer, and to Buyer's sole satisfaction, together with all supporting details, that all the Energy offered for purchase by Buyer during the Testing Period was generated by the Facility in compliance with the requirements of this Agreement. Provided that Seller fully satisfies the foregoing requirements, Buyer will purchase the Product generated during the Testing Period at the rate for the Energy only component set forth in Exhibit 1.

4.4. Contract Price. The "Contract Price" for the Product shall be the price corresponding to the relevant portion of the Delivery Period as set forth in Exhibit 2.

4.5. Energy Delivery. Seller shall deliver the Contract Quantity of the Product at the Delivery Point, and Seller shall be fully responsible for all costs, charges, expenses, and requirements associated with delivering the Product to the Delivery Point. Buyer will have no obligation to pay for any Product not delivered to the Delivery Point.

4.6. Payment for Product. During the Term of this Agreement, Buyer agrees to pay Seller the product of (i) the Contract Price for the Product, as applicable, multiplied by (ii) the amount of Energy delivered by Seller to Buyer at the Delivery Point during the Delivery Period.

4.7. Transfer. In no event will Seller procure or have the right to procure the Product or any component of the Product from any source other than the Facility for sale and delivery pursuant to this Agreement. Title to and risk of loss to the Product sold and delivered hereunder shall transfer from Seller to Buyer after completion of delivery at the Delivery Point. Seller shall be responsible for any costs and charges imposed on or associated with the Product and the delivery of the Product at the Delivery Point. Buyer shall be responsible for any costs or charges imposed on or associated with the Product after the Delivery Point.

~~4.8. Solar Integration Services Charge. Seller shall be charged a monthly Solar Integration Services Charge (SISC) in the amount of $_____/Mwh, which shall be updated on a biennial basis to conform to the SISC approved by the Commission in Buyer's most recently approved South Carolina avoided cost proceeding. The SISC shall be capped at $_____/Mwh over the term of this Agreement.~~

5. **Credit and Related Provisions**.

5.1. Pre-COD Performance Assurance Requirements. Subject to Section 5.3 below, no later than 10 Business Days after the Effective Date, Seller shall provide and deliver to Buyer Performance Assurance in the amount of _____($_____) [insert amount equal to $5,000 per MW AC up to 20 MW and $2,000 per MW above 20 MW, based on the Nameplate Capacity of the Facility as stated in Exhibit 4~~2% x total projected revenue under the Agreement during the Term as determined by Buyer in its reasonable discretion~~], as such Performance Assurance may be adjusted pursuant to Section 20.5.1.].

5.2. Post-COD Performance Assurance. Subject to Section 5.3 below, after the Facility achieves Commercial Operation, Seller shall provide Buyer with Performance Assurance in the amount set forth in the below table corresponding to the applicable period during the Term of this Agreement. Post COD Performance Assurance shall be calculated by Buyer in a Commercially Reasonable Manner and shall equal the estimated year end overpayment balance for each calendar year of the Term taking into account the contract price relative to Buyer's projected avoided cost for the Term of the Agreement, calculated as of the Effective Date. Seller may

request and Buyer may, subject to Section 5.2, adjust the amount of such Performance Assurance within fifteen (15) Business Days of Seller's written request to coincide with the amount set forth in the below table. Seller's failure to provide the Performance Assurance and/or to maintain the Performance Assurance in the required amount and in full force and effect throughout the Term of this Agreement will be an Event of Default under this Agreement.

[*Insert* TABLE – Annual Performance Assurance]

5.3. Unsecured Credit For Creditworthy Sellers. If Seller is Creditworthy and is not in default of any provisions under this Agreement the Seller shall be excused from the requirement to post Performance Assurance as required under Sections 5.1 and 5.2 above, as long as it remains Creditworthy. If at any time during the Term of this Agreement, Seller, or its Guarantor, ceases to be Creditworthy due to a change in its Credit Rating, then Seller will notify Buyer of such change in its credit status and shall provide (or replace) Performance Assurance to Buyer in the amounts required under Section 5.1 or 5.2, as applicable, within five (5) Business Days after such change in its Credit Rating.

5.4. Financial Disclosures. If requested by Buyer, Seller shall timely provide to Buyer financial information of Seller as follows: (i) a copy of Seller's most recent quarterly report containing unaudited consolidated financial statements for such fiscal quarter signed and verified by an authorized officer of Seller attesting to their accuracy; and, (ii) within 120 days after the end of each fiscal year that this Agreement is effective a copy of Seller's annual report containing audited consolidated financial statements for such fiscal year. If Seller does not have audited financial statements, Seller shall deliver to Buyer financial statements in a form reasonably acceptable to Buyer and certified by a financial officer of Seller. All financial statements required hereunder shall be prepared in accordance with generally accepted accounting principles or other procedures with which Seller is required to comply with under applicable law. If information required under this Section 5.3 is available on a publicly available web site, then the delivery requirement shall be deemed to be satisfied.

5.5. Netting. If an Event of Default has not occurred and a Party is required to pay an amount to the other Party under this Agreement, then such amounts shall be netted, and the Party owing the greater aggregate amount shall pay to the other Party any difference between the amounts owed. All outstanding obligations to make payment under this Agreement may be netted, offset, set off, or recouped therefrom, and payment shall be owed as set forth above. Unless Buyer notifies Seller in writing (except in connection with a liquidation and termination) all amounts netted pursuant to this section shall not take into account or include any credit support, which may be in effect to secure Seller's performance under this Agreement. The netting set forth above, shall be without prejudice and in addition to any and all rights, liens, setoffs, recoupments, counterclaims and other remedies and defenses (to the extent not expressly herein waived or denied) that such Party has or to which such Party may be entitled arising from or out of this Agreement.

5.6. Set-off. In addition to any rights of set-off a Party may have as a matter of law or otherwise and subject to applicable law, upon the occurrence of an Event of Default, the Non-Defaulting Party shall have the right (but shall not be obligated to) without prior notice to the Defaulting Party or any other person to set-off any obligation of the Defaulting Party owed to the Non-Defaulting Party under this Agreement (whether or not matured, whether or not contingent and regardless of the currency, place of payment or booking office of the obligation) against any obligations of the Non-Defaulting Party owing to the Defaulting Party under this Agreement (whether or not matured, whether or not contingent and regardless of the

currency, place of payment or booking office of the obligation). If any such obligation is unascertained, the Non-Defaulting Party may in a Commercially Reasonable Manner estimate that obligation and set-off in respect of the estimate, subject to the relevant Party providing an accounting and true-up to the other Party after the amount of the obligation is ascertained.

5.7. Performance Assurance Requirements. Seller shall ensure that the Performance Assurance in the required amount remains in full force and effect and outstanding for the duration required by this Agreement. All applicable Performance Assurance, in the amount required pursuant to the terms of this Agreement, shall remain in full force and effect and outstanding for the benefit of Buyer until sixty (60) days following the later of (a) the end of the Term or (b) the date on which Seller has fully satisfied all obligations to Buyer under this Agreement (the "Security Period"). If at any time any Performance Assurance fails to meet any of the requirements under this Agreement, Seller shall replace such Performance Assurance with alternative Performance Assurance that meets each of the requirements under this Agreement. Seller will be solely responsible for any and all costs incurred with providing and maintaining any Performance Assurance to the full amount required by this Agreement. If Seller fails to replace, renew, or otherwise maintain the required Performance Assurance as and when required by this Agreement, then Buyer: (a) shall be entitled to draw and retain hereunder the full amount of the Performance Assurance; (b) shall not be obligated to make any further payments to Seller until Seller shall have provided Buyer with the replacement Performance Assurance; and, (c) shall be entitled to give Seller notice of an Event of Default and pursue the termination rights and remedies provided for in this Agreement.

5.8. Grant of Security Interest. To secure its obligations and liabilities under this Agreement to Buyer, Seller hereby grants to Buyer a present and continuing first priority security interest in, and lien on (and right of netting and set-off against), and assignment of, all present and future Performance Assurance, including, without limitation, cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, Buyer; and, furthermore Seller agrees to take such actions as Buyer reasonably requires to perfect Buyer's first-priority security interest in, and lien on (and right of netting, recoupment, and set-off against), such Performance Assurance and any and all products and proceeds resulting therefrom or from the liquidation thereof, including without limitation proceeds of insurance. Upon or any time after the occurrence or deemed occurrence of an Event of Default or upon an Early Termination Date, Buyer (if it is the Non-Defaulting Party) may do any one or more of the following with respect to Seller (if it is the Defaulting Party): (i) exercise any of the rights and remedies of a secured party with respect to all Performance Assurance, including any such rights and remedies under law then in effect; (ii) exercise its rights of netting, recoupment, and set-off against any and all property of Seller in the possession of Buyer or its agent; (iii) draw on any outstanding applicable forms of Performance Assurance provided for the benefit of Buyer; and, (iv) liquidate all Performance Assurance then held by or for the benefit of Buyer free from any claim or right of any nature whatsoever of Seller, including any equity or right of purchase or redemption by Seller.

6. **Seller Compliance Requirements**.

6.1. Required Approvals. Seller shall at its sole cost and expense timely obtain, maintain, and comply with all Required Approvals (definition follows) during the Term of this Agreement. "Required Approvals" means all of the following:

6.1.1. All approvals and certifications that the Facility is a Qualifying Facility.

6.1.2. All required Permits, authorizations, certifications, and/or approvals from any

Governmental Authority and under any Requirements of Law, including, without limitation, from the Commission or FERC, for Seller to construct, build, own, operate, and maintain the Facility and sell and deliver the Product to Buyer in accordance with the requirements under this Agreement.

6.2. Seller Covenants. Seller covenants and warrants to Buyer as of the Effective Date of this Agreement and throughout the Term of this Agreement that: (a) Seller has submitted to the Transmission Provider and the Transmission Provider has accepted the completed interconnection request for the Facility; and (b) Seller has obtained all applicable certifications and/or approvals for the Facility from FERC. Seller agrees and acknowledges that Buyer has entered into this Agreement in reliance upon the covenants and warranties set forth above in this section, and in the event of a breach or failure of or relating to any of the foregoing covenants and warranties, including without limitation for being false or misleading in any respect, then this Agreement will terminate upon Buyer providing Seller with thirty (30) day's written notice unless such breach or failure has been cured before the end of such thirty (30) day period. Seller will indemnify and hold Buyer harmless for any breach or failure relating to any of the foregoing covenants and warranties, notwithstanding anything else to the contrary in this Agreement.

6.3. Seller Requirements. Within twenty (20) Business Days of a written request from Buyer, Seller agrees to provide Buyer with all information, documents, and affidavits from a duly authorized representative of Seller certifying that the Facility fully complies with PURPA, including, without limitation, the PURPA Fuel Requirements.

7. **Seller's Facility Requirements.**

7.1. Seller Requirements. Seller covenants (except to the extent expressly set forth in this Agreement) that: the Facility shall be designed, constructed, operated, controlled, maintained, and tested at Seller's sole cost and expense; the Facility shall be designed, constructed, operated (inclusive, without limitation, of control, metering equipment, and personnel and staffing levels), controlled, maintained, and tested by Seller to perform as required by this Agreement and in compliance with all applicable Requirements of Law and Prudent Utility Practice; the Facility shall be capable of supplying the Product in a safe and reliable manner consistent with the requirements of each applicable Requirements of Law and Prudent Utility Practice; and, that all contracts, agreements, arrangements, and/or Permits (including, without limitation, those necessary or prudent for the construction, ownership and operation of the Facility, such as land use permits, site plan approvals, real property titles and easements, environmental compliance and authorizations, grading and building permits, and contracts and/or licenses to obtain the underlying fuel, install and operate the Facility, and deliver and sell the Product of the Facility) shall be timely obtained and maintained by Seller, at Seller's sole cost and expense. Seller shall be responsible for arranging and obtaining, at its sole risk and expense, any station service required by the Facility. Seller shall construct, interconnect, operate, and maintain the Facility in accordance with Prudent Utility Practice. Seller shall be responsible for all costs, charges, and expenses associated with generating, scheduling, and delivering the Energy to Buyer.

7.1.1. Notice Requirement. For each Operational Milestone, Seller shall deliver written notice to Buyer within five (5) Business Days of Seller having met such Operational Milestone. If Seller will be unable to timely meet any Operational Milestone, Seller shall also deliver written notice to Buyer informing Buyer that Seller will be unable to meet an Operational Milestone, but in any event Seller shall deliver notice to Buyer no later than five (5) Business Day after the due date of the Operational Milestone that Seller

failed to achieve. Buyer shall have no obligation or liability to Seller for Buyer failing to advise Seller of any condition, damages, circumstances, infraction, fact, act, omission or disclosure discovered or not discovered by Buyer with respect to any Operational Milestone, the Facility, the System or any contractor.

7.2. Seller Responsibilities. Notwithstanding any provision of this Agreement to the contrary, the Seller agrees that: (a) Buyer shall have no responsibility whatsoever for any costs and/or Taxes relating to the design, development, construction, maintenance, ownership, or operation of the Facility (including but not limited to any financing costs, and any costs and/or Taxes imposed by any Governmental Authority on or with respect to emissions from or relating to the Facility, and including but not limited to costs and/or Taxes related to any emissions allowances *inter alia* for oxides for sulfur dioxide or nitrogen, carbon dioxide, and mercury), all of which shall be entirely at Seller's sole cost and expense; and, (b) any risk as to the availability of production tax benefits, investment tax credits, grants or any other incentives relating to the design, development, construction, maintenance, ownership, or operation of the Facility shall be borne entirely by Seller.

7.2.1. No Exclusions. If any production or investment tax credit, grants, subsidy, or any other similar incentives or benefit relating, directly or indirectly, to the Facility is unavailable or becomes unavailable at any time during the Term of this Agreement, Seller agrees that such event or circumstance will not: (a) constitute a Force Majeure or Regulatory Event; (b) excuse or otherwise diminish Seller's obligations hereunder in any way; and, (c) give rise to any right by Seller to terminate or avoid performance under this Agreement. Seller agrees that it will solely and fully bear all risks, financial and otherwise throughout the Term, associated with Seller's or the Facility's eligibility to receive any such tax treatment or otherwise qualify for any preferential or accelerated depreciation, accounting, reporting, or tax treatment.

7.3. Transmission Provider. Seller agrees and acknowledges that the Interconnection Agreement is (and will be) a separate agreement (or agreements) between Seller and Transmission Provider, and will exclusively govern all requirements and obligations between Seller and Transmission Provider. Only the Interconnection Agreement will govern all obligations and liabilities set forth in the Interconnection Agreement, and Seller shall be solely and fully responsible for all costs and expenses for which Seller is responsible for under the Interconnection Agreement. Seller shall comply with all Interconnection Instructions. Nothing in the Interconnection Agreement, nor any other agreement between Seller on the one hand and Transmission Provider on the other hand, nor any alleged event of default thereunder, shall affect, alter, or modify the Parties' rights, duties, obligation, and liabilities under this Agreement. This Agreement shall not be construed to create any rights between Seller and the Transmission Provider, and the terms of this Agreement are not (and will not) be binding upon the Transmission Provider. Seller agrees and acknowledges that Seller's performance under this Agreement depends on Seller's performance under the Interconnection Agreement, and Seller hereby grants Buyer the right and entitlement to obtain information from the Transmission Provider in regards to Seller's performance under the Interconnection Agreement.

7.4. System Operations. Seller agrees and acknowledges that the System Operator will be solely responsible for its functions, and that nothing in this Agreement will be construed to create any rights between Seller and the System Operator. Seller agrees that it is obligated to engage in interconnected operations with Buyer and the System, and Seller agrees to fully comply with all System Operator Instructions.

7.5. Insurance Obligations. Commencing with the initiation of construction activities of the Facility and continuing until the termination of this Agreement, and at no additional cost to Buyer,

Seller shall maintain or cause to be maintained by contracted parties at the Facility, occurrence form insurance policies as follows: (a) Workers' Compensation in accordance with the statutory requirements of the state in which the Services are performed and Employer's Liability Insurance of not less than $500,000 each accident/employee/disease; (b) Commercial General Liability Insurance having a limit of at least $1,000,000 per occurrence/$2,000,000 in the aggregate for contractual liability, personal injury, bodily injury to or death of persons, and damage to property, premises and operations liability and explosion, collapse, and underground hazard coverage; (c) Commercial/Business Automobile Liability Insurance (including owned (if any), non-owned or hired autos) having a limit of at least $1,000,000 each accident for bodily injury, death, property damage and contractual liability; (d) Property Damage insurance on the Facility written on an all risk of loss basis; and, (e) if Seller will be handling or the Facility will have present environmentally regulated or hazardous materials, Pollution Legal Liability, including coverage for sudden/accidental occurrences for bodily injury, property damage, environmental damage, cleanup costs and defense with a minimum of $1,000,000 per occurrence (claims-made form acceptable with reporting requirements of at least one (1) year). All insurance policies provided and maintained by Seller or applicable party shall: (i) be underwritten by insurers which are rated A.M. Best "A- VII" or higher; (ii) specifically include Buyer as additional insured's, excluding, however, for Worker's Compensation/Employer's Liability and Property Damage insurance; (iii) be endorsed to provide, where permitted by law, waiver of any rights of subrogation against Buyer; and (iv) provide that such policies and additional insured provisions are primary and without right of contribution from any other insurance, self-insurance or coverage available to Buyer. Any deductibles or retentions shall be the sole responsibility of Seller or the applicable party. Seller's compliance with these provisions and the limits of insurance specified herein shall not constitute a limitation of Seller's liability pursuant to this Agreement. Any failure to comply with and these provisions shall not be deemed a waiver of any rights of Buyer under this Agreement or with respect to any insurance coverage required hereunder. Buyer at its sole discretion may request Seller to provide a copy of any or all of its required insurance policies, including endorsements in which Buyer is included as an additional insured for any claims filed relative to the Facility or this Agreement.

8. **Facility Performance Requirements**

8.1. Planned Outages. No later than fifteen (15) Business Days prior to the end of each year during the Term, Seller shall provide to Buyer a Planned Outage schedule for the upcoming year. Seller shall provide Buyer with reasonable advance notice of any material change in the Planned Outage schedule. Seller shall determine the number and extent of Planned Outages in a Commercially Reasonable Manner recognizing that it is the intent of the Parties to maximize production of the Facility and to such extent Seller shall be excused from providing the Product during such Planned Outage(s). Unless both Parties expressly agree otherwise, any Planned Outage shall only occur during the months of March, April, May, September, October, or November.

8.2. Maintenance Outages. If Seller needs or desires to schedule a Maintenance Outage of the Facility, Seller shall notify Buyer, as far in advance as reasonable and practicable under the circumstances, of such proposed Maintenance Outage, and the Parties shall plan such outage to mutually accommodate the reasonable requirements of Seller and delivery expectations of Buyer. Notice of a proposed Maintenance Outage shall include the expected start date of the outage, the amount of output of the Facility that will not be available and the expected completion date of the outage. Buyer may request reasonable modifications in the schedule for the outage. Subject to its operational and maintenance needs, Seller shall comply with

such requests to reschedule a Maintenance Outage. If rescheduled, Seller shall notify Buyer of any subsequent changes in the output that will not be available to Buyer and any changes in the Maintenance Outage completion date. As soon as practicable, any such notifications given orally shall be confirmed in writing.

8.3. Notice. Seller shall promptly provide to Buyer an oral report of all outages, Emergency Conditions, de-ratings, major limitations, or restrictions affecting the Facility, which report shall include the cause of such restriction, amount of generation from the Facility that will not be available because of such restriction, and the expected date that the Facility will return to normal operations. Seller shall update such report as necessary to advise Buyer of any material changed circumstances relating to the aforementioned restrictions. As soon as practicable, all oral reports shall be confirmed in writing. Seller shall promptly dispatch personnel to perform the necessary repairs or corrective action in an expeditious and safe manner in accordance with Prudent Utility Practice.

8.4. Performance. Seller shall fully satisfy the PURPA Fuel Requirements during the Term of this Agreement and shall act in a Commercially Reasonable Manner to maximize the output of the Facility in a safe manner to generate the Product and to minimize the occurrence, extent, and duration of any event adversely affecting the generation of the Product, in each case consistent with Prudent Utility Practice.

8.5. Output Requirement. Starting the first full calendar year after the Commercial Operation Date of the Facility, for each year during the Delivery Period, Seller shall deliver to Buyer no less than seventy percent (70%) of the Expected Annual Output averaged over two consecutive calendar years on a rolling basis during the Delivery Period (the "Net Output Requirement"). Where a Permitted Excuse to Perform adversely affects actual generation output of the Facility, the Net Output Requirement shall be reduced by the amount of Energy not generated due to the Permitted Excuse to Perform; provided, however, Seller agrees that it must demonstrate to Buyer, in Buyer's Commercially Reasonable discretion, that the Facility's generation output was actually reduced due to a Permitted Excuse to Perform. Buyer's sole remedy for Seller's failure to deliver the Net Output Requirement for any period of two consecutive years shall be to receive a credit against the Contract Price for each month during the immediately following full calendar year. The foregoing monthly credit to Buyer shall be determined by (a) multiplying (i) the difference between the Net Output Requirement and the actual Energy (expressed in MWh) delivered by Seller and received by Buyer during the applicable time period by (ii) [50% of average Contract Price for Energy delivered to Buyer in the previous 12 months] and (b) then dividing the amount calculated by (a) above by twelve (12). If Seller fails to satisfy the Net Output Requirement for any two-year period, to determine compliance with the Net Output Requirement in the next rolling two-year period, then the amount of Energy generated in the first year of such two-year rolling period will be deemed to be the higher of (i) seventy percent (70%) of the Expected Annual Output for such year, or (ii) the actual amount of Energy generated by the Facility in such year. In addition, Seller shall not deliver to Buyer energy in excess of the Maximum Annual Energy Production.

8.6. System Operator Instructions and Payments. Seller shall cooperate with Buyer to immediately and fully comply with all System Operator Instructions, and Seller hereby authorizes and grants to Buyer the right to control the Facility in any manner necessary to enable Buyer to take any actions required to implement or effectuate any System Operator Instruction. In order to implement the control rights authorized in this Section 8.6, Seller shall design and construct the Facility to provide Buyer with full control capabilities over the Facility, and Seller shall install and maintain the equipment set forth in Exhibit 4 so as to enable Buyer to have full control over the Facility to take any action based in any manner on or in response to an System Operator Instruction. If the System Operator requires the Facility to reduce or stop

the generation of Energy pursuant to a System Operator Instruction (such reductions or cessations of Energy, the "Dispatch Down" of production by the Facility), Buyer shall pay Seller the amount set forth below if, and only if: (i) the Facility was operating at the time of the Dispatch Down instruction, and was required to and actually reduced Energy production pursuant to a Dispatch Down instruction; (ii) the actual reduction of Energy generation by the Facility due to Dispatch Down instructions exceeds [insert amount =_5% of annual expected output for year one stated in whole MWhs _(___)] MWh (the "Dispatch Down Payment Threshold") in a calendar year (January – December); and, (iii) the Dispatch Down instruction was not due to an Emergency Condition or Force Majeure event (the foregoing items (i)-(iii), collectively, the "Dispatch Down Payment Event").

8.6.1. For each calendar year, after a Dispatch Down Payment Event occurs during that calendar year, Buyer shall pay Seller starting with the [insert amount specified in 8.6 + 1] _____(___)] MWh, at the Contract Price for the Product multiplied by the units of Product not generated due to the Dispatch Down instruction(s).

8.6.2. Estimation Methodology. Buyer shall determine in a Commercially Reasonable Manner the quantity of Energy that could not be generated due to compliance with and implementation of the Dispatch Down instruction(s) based on: (i) The power plant controller output data points specified in Exhibit 6 attached hereto, which Seller shall provide to Buyer, on a real time basis, during the Term of this Agreement; (ii) the duration of the Dispatch Down; (iii) the amount of the generating capability of the Facility that is curtailed by the applicable Dispatch Down (e.g. 10% generation capability is curtailed); (iv) the solar exposure, irradiance, and meteorological circumstances actually recorded at the Facility during the Dispatch Down period; and (v) the Facility design, performance capability, and historic performance (the "Estimation Methodology"). Seller shall be responsible for installing and maintaining all equipment necessary to provide Buyer with the power plant controller output data points specified in Exhibit 9 on a real-time basis. In the event that the real-time data specified in 8.6.2(i) is unavailable historical production data required under Section 9.4.5 shall be used in its place.

8.6.3. In the event Seller demonstrates that a Dispatch Down instruction issued by the System Operator does not fall within the definition of a System Operator Instruction and that the Facility actually reduced Energy production pursuant to such Dispatch Down instruction, Seller shall be entitled to a compensatory payment from Buyer, calculated using the Estimation Methodology, in the amount of the Contract Price for the Product not generated due to compliance with the Dispatch Down instruction (starting with the first MWh of Product not generated) as Seller's sole and exclusive payment and remedy for its compliance with such instruction.

8.7. Energy Storage. If the Facility is to be equipped with battery storage or other energy storage device (the "Storage Resource"), the Storage Resource shall be identified in Exhibit 4 attached to this Agreement, as it may be amended from time to time, which shall be subject to Buyer's final approval, not to be unreasonably withheld. In all cases the Storage Resource must be charged solely by the Facility and the use of any Storage Resource shall be operated and equipped in accordance with the System Operator's Energy Storage Protocol, a copy of which is attached hereto as Exhibit 10, as may be modified from time to time by the System Operator (the "Energy Storage Protocol"), subject to approval by the Commission.

9. **Information Requirements**

9.1. Accounting Information. Generally Accepted Accounting Principles ("GAAP") and SEC rules

can require Buyer to evaluate various aspects of its economic relationship with Seller, e.g., whether or not Buyer must consolidate Seller's financial information. To evaluate if certain GAAP requirements are applicable, Buyer may need access to Seller's financial records and personnel in a timely manner. In the event that Buyer determines that consolidation or other incorporation of Seller's financial information is necessary under GAAP, Buyer shall require the following for each calendar quarter during the term of this Agreement, within 90 days after quarter end: (a) complete financial statements, including notes, for such quarter on a GAAP basis; and, (b) financial schedules underlying the financial statements. Seller shall grant Buyer access to records and personnel to enable Buyer's independent auditor to conduct financial audits (in accordance with GAAP standards) and internal control audits (in accordance with Section 404 of the Sarbanes-Oxley Act of 2002). Any information provided to Buyer pursuant to this section shall be considered confidential in accordance with the terms of this Agreement and shall only be disclosed, as required by GAAP, on an aggregate basis with other similar entities for which Buyer has power purchase agreements.

9.2. Facility Information. After the expiration of the Due Diligence Period, and continuing for a period of three months after the Commercial Operation Date, Seller shall promptly provide to Buyer reports relating to the progress of the Facility's development and construction, financing, interconnection activities and performance under the Interconnection Agreement, testing, Seller's good faith estimate of the date for occurrence of the Commercial Operation Date, operational activities, and other information that Buyer may request in its Commercially Reasonable discretion to inform Buyer of Seller's performance under this Agreement. Within ten (10) days after the end of each calendar month until the Commercial Operation Date is achieved, Seller shall prepare and submit to Buyer a written status report which shall cover the previous calendar month, shall be prepared in a manner and format (hard copy or electronic) reasonably acceptable to Buyer and shall include (a) a detailed description of the progress of the Facility's construction, (b) a statement of any significant issues which remain unresolved and Seller's recommendations for resolving the same, (c) a summary of any significant events which are scheduled or expected to occur during the following thirty (30) days; and, (d) all additional information reasonably requested by Buyer. If Seller has reason to believe that the Facility is not likely to timely achieve any Milestone Deadline, including the Commercial Operation Date, Seller shall promptly provide written notice to Buyer with all relevant facts, and will provide Buyer with any other information Buyer may request from Seller in respects to such failure of Seller. Seller shall give written notice to Buyer no later than 30 days before Seller projects that the Facility will achieve Commercial Operation. Seller shall provide written notice to Buyer when the Commercial Operation Date has occurred. Following the Commercial Operation Date, Seller shall promptly provide to Buyer information requested by Buyer to verify any amounts of delivered Product, or to otherwise audit the Product delivered to Buyer. Seller shall, within ten (10) Business Days of electronic or written request provide Buyer with any other information germane to this Agreement and/or Seller's performance under and compliance with this Agreement, requested by Buyer in its Commercially Reasonable discretion.

9.3. Other Information. Seller shall provide to Buyer all information, instruments, documents, statements, certificates, and records relating to this Agreement and/or the Facility as reasonably requested by Buyer concerning any administrative, regulatory, compliance, or legal requirements reasonably determined by Buyer to fulfill any Requirements of Law, regulatory reporting requirements or otherwise relating to any request by any Governmental Authority.

9.4. Forecasts. Seller shall prepare and provide Buyer with the Facility's forecasted Energy production by fuel type, if applicable. These non-binding forecasts of production will be determined and prepared in a Commercially Reasonable Manner with the intent of being as

accurate as possible. Seller shall update a forecast any time information becomes available indicating a material change in the forecast relative to the most previously provided forecast.

9.4.1. Year-Ahead Forecasts. Seller shall, by December 1 of each year during the Term (except for the last year of the Term), provide Buyer with a forecast of each month's average-day Energy production from the Facility, by hour, for the following calendar year. This forecast shall include an expected range of uncertainty based on historical operating experience. Seller shall update the forecast for each month at least five (5) Business Days before the first Business Day of such month.

9.4.2. Week-Ahead Forecasts. By 0800 EPT on the Friday preceding the immediately upcoming week of delivery, Seller shall provide Buyer with a daily forecast of deliveries for the upcoming week (Monday through Sunday).

9.4.3. Day-Ahead Forecasts. By 0500 EPT on the calendar day immediately preceding the day of delivery, Seller shall provide Buyer with an hourly forecast of deliveries for each hour of the next seven (7) days. In the event that Seller has any information or other Commercially Reasonable basis to believe that the production from the Facility on any day will be materially lower or higher than what would otherwise be expected based on the forecasts provided, then Seller will inform Buyer of such circumstance by 0500 EPT on the preceding Business Day.

9.4.4. Communication. Seller shall communicate forecasts in a form, template, substance, and manner as requested by Buyer (e.g. Excel template), which form, template, substance, and manner may be modified by Buyer from time to time. Forecasts shall be transmitted by email (to be sent to: RenewableEnergyForecast@duke-energy.com) or by other media (e.g. website upload), as Buyer may instruct Seller from time to time. Requested forecast data may include but is not limited to, location, forecast timestamp, site capacity, a flag for actual or forecasted data, available site capacity, energy, reason for any capacity reduction, site plane of array (POA) irradiance, air pressure, and relative humidity for each hour of the next seven days.

9.4.5. History. Seller shall prepare and provide Buyer with the Facility's historical Energy production by fuel type, if applicable. The historical production will be determined and prepared by Seller in a Commercially Reasonable Manner with the intent of being as accurate as reasonably possible. Seller shall update any correction to the history any time information becomes available.

9.4.5.1. Daily History. By 0500 EPT on the Business Day immediately following the day of delivery, Seller shall provide Buyer with an hourly profile of deliveries for each hour of the previous seven days.

9.4.6. History Communication. Seller shall communicate history in a form, template, substance, and manner as requested by Buyer (e.g. Excel template), which form, template, substance, and manner may be modified by Buyer from time to time. The History shall be transmitted by email (to be sent to: RenewableEnergyForecast@duke-energy.com) or by other media (e.g. website upload), as Buyer may instruct Seller from time to time. Requested historical data may include but is not limited to, location, site capacity, a flag for actual or forecasted data, available site capacity, energy generated, reason for any capacity reduction, site POA irradiance, air pressure, and relative humidity for each hour of the previous seven days.

10. **Metering**

10.1. Billing Meter. In the Interconnection Agreement between Seller and Transmission Provider, Seller shall arrange with the Transmission Provider to construct and install such meters and

metering equipment as are necessary to measure the Energy delivered and received in accordance with the terms and conditions of this Agreement (the "Billing Meter"). Buyer shall provide to Seller the reasonable allowable accuracy limits relating to the performance of the Billing Meter, and Seller shall arrange with Transmission Provider to install and operate a Billing Meter that meets the allowable accuracy limits. Seller shall be responsible for paying the Transmission Provider for all costs relating to the Billing Meter, including, without limitation, its procurement, installation, operation, calibration, and maintenance. Seller shall ensure in its arrangement with the Transmission Provider for the Billing Meter to include communication equipment that enables Buyer to access and read the meter from a remote location. Seller hereby grants Buyer with rights to physically access the Billing Meter. Seller shall provide Buyer (at Seller's cost) with appropriate telephonic/electronic communication to allow Buyer to remotely read the meter. Seller may, at its own expense, install and maintain additional metering equipment for purposes of monitoring, recording or transmitting data relating to its sale of Energy from the Facility, so long as such equipment does not interfere with the Billing Meter. Seller shall arrange with the Transmission Provider to test the Billing Meter at regular intervals. Seller shall also arrange for either Party to have the right to request and obtain, at reasonable intervals and under reasonable circumstances, additional/special tests of the Billing Meter. The Party making such request for the test shall incur the costs associated with such test.

11. **Billing Period and Payment**

11.1. Billing Period. Subject to Seller authorizing Transmission Provider to provide Buyer with electronic access to the Billing Meter, Buyer shall read/obtain data from the Billing Meter at regular intervals, which shall be not less than twenty-seven (27) consecutive days and not more than thirty-three (33) consecutive days (each, a "Billing Period") except for the initial and final billing periods hereunder which may be shorter to permit the readings to otherwise coincide with calendar months. Within twenty-five (25) days after reading/obtaining data from the Billing Meter, Buyer shall provide Seller with an invoice detailing the amount of Product delivered during the relevant Billing Period and the associated amount owed by Buyer to Seller for the Product, subject to Seller cooperating with Buyer and providing Buyer with such information and/or data that Buyer may request to accurately prepare the invoice. Buyer shall pay Seller the invoiced amounts for each Billing Period. Payment by Buyer shall be due thirty (30) days after the invoice date. If such amounts are not paid by the deadline, they shall accrue interest at the Interest Rate from the applicable due date until the date paid. Amounts not paid by such deadline shall accrue interest at the Interest Rate from the original due date until the date paid in accordance with this Agreement.

11.2. Meter Malfunction. In the event the Billing Meter fails to register accurately within the allowable accuracy limits as set forth above, then for purposes of preparing (or adjusting) any affected invoice Buyer shall adjust the amount of measured Energy for the period of time the Billing Meter was shown to be in error. If the time the Billing Meter became inaccurate can be determined, then the adjustment to the amount of measured Energy shall be made for the entire time from the time that the Billing Meter became inaccurate until the recalibration of the Billing Meter. If the time the Billing Meter became inaccurate cannot be determined, then the Billing Meter shall be deemed to have failed to register accurately for fifty percent (50%) of the time since the date of the last calibration of the Billing Meter.

11.3. Out-of-Service. If the Billing Meter is out of service, then for purposes of preparing any affected invoice, the Parties shall negotiate in good faith to determine an estimate of the amount of Energy delivered during the relevant Billing Period. Seller's meter (if any), may be used to establish such estimate, if both Parties agree. If, within twenty (20) days after

the date that the Billing Meter is read as set forth above, the Parties have not reached agreement regarding an estimate of the amount of Energy delivered during the relevant Billing Period, then the amount of Energy delivered during the relevant Billing Period shall be determined using the Estimation Methodology.

11.4. Errors. If any overcharge or undercharge in any form whatsoever shall at any time be found for an invoice, and such invoice has been paid, the Party that has been paid the overcharge shall refund the amount of the overcharge to the other Party, and the Party that has been undercharged shall pay the amount of the undercharge to the other Party, within forty-five (45) days after final determination thereof; provided, however, that no retroactive adjustment shall be made for any overcharge or undercharge unless written notice of the same is provided to the other Party within a period of twenty-four (24) months from the date of the invoice in which such overcharge or undercharge was first included. Any such adjustments shall be made with interest calculated at the Interest Rate from the date that the undercharge or overcharge actually occurred.

11.5. Invoice/Payment Dispute. If a Party in good faith reasonably disputes the amount set forth in an invoice, charge, statement, or computation, or any adjustment thereto, such Party shall provide to the other Party a written explanation specifying in detail the basis for such dispute. The Party disputing the invoice, if it has not already done so, shall pay the undisputed portion of such amount no later than the applicable due date. If the Parties are thereafter unable to resolve the dispute through the exchange of additional documentation, then the Parties shall pursue resolution of such dispute according to the dispute resolution and remedy provisions set forth in the Agreement. Notwithstanding any other provision of this Agreement to the contrary, if any invoice, statement charge, or computation is found to be inaccurate, then a correction shall be made and payment (with applicable interest) shall be made in accordance with such correction; provided, however, no adjustment shall be made with respect to any invoice, statement, charge, computation or payment hereunder unless a Party provides written notice to the other Party questioning the accuracy thereof within twenty-four (24) months after the date of such invoice, statement, charge, computation, or payment.

12. **Audit Rights**

12.1. Process. Buyer shall have the right, at its sole expense and during normal business hours, without Seller requiring any compensation from Buyer, to examine and copy the records of Seller to verify the accuracy of any invoice, statement, charge or computation made hereunder or to otherwise verify Seller's performance under this Agreement, including, without limitation, verifying that the delivered Product complies with the Agreement.

12.2. Survival. All audit rights shall survive the expiration or termination of this Agreement for a period of twenty-four (24) months after the expiration or termination. Seller shall retain any and all documents (including, without limitation, paper, written, and electronic) and/or any other records relating to this Agreement and the Facility for a period of twenty-four (24) months after the termination or expiration of this Agreement.

13. **Taxes**

13.1. Seller. Seller shall be liable for and shall pay Buyer, or Seller shall reimburse Buyer if Buyer has paid or cause to be paid, all Taxes imposed by a Governmental Authority on or with respect to the Product delivered hereunder and arising prior its delivery to and at the Delivery Point (including ad valorem, franchise or income taxes which are related to the sale

of the Product by Seller to Buyer and are, therefore, the responsibility of Seller). Seller shall indemnify, defend, and hold harmless Buyer from any liability for such Taxes, including related audit and litigation expenses.

13.2. Buyer. Buyer shall be liable for and shall pay Seller, or Buyer shall reimburse Seller if Seller has paid or caused to by paid, all Taxes imposed by a Governmental Authority on or with respect to the Product delivered hereunder and arising after the Delivery Point (other than ad valorem, franchise or income taxes which are related to the sale of the Product by Seller to Buyer and are, therefore, the responsibility of Seller). Buyer shall indemnify, defend, and hold harmless Seller from any liability for such Taxes, including related audit and litigation expenses.

13.3. Remittances. In the event Seller is required by any Requirements of Law to remit or pay Taxes that are Buyer's responsibility hereunder, Seller may request reimbursement of such payment from Buyer by sending Buyer an invoice, and Buyer shall include such reimbursement in the next monthly invoice and Buyer shall remit payment thereof. Conversely, if Buyer is required by any Requirements of Law to remit or pay Taxes that are Seller's responsibility hereunder; Buyer may deduct the amount of any such Taxes from the sums otherwise due to Seller under this Agreement. Any refunds or remittances associated with such Taxes shall be administered in accordance with Section 11.1.

13.4. Documentation. A Party, upon written request of the other Party, shall promptly provide a certificate of exemption or other reasonably satisfactory evidence of exemption if such Party is exempt from any Tax. Nothing herein shall obligate a Party to pay or be liable to pay any Taxes from which it is exempt pursuant to applicable law.

14. **Force Majeure**

14.1. Definition. "Force Majeure" means: (A) war, riots, floods, hurricanes, tornadoes, earthquakes, lightning, ice-storms, excessive winds, and other such extreme weather events and natural calamities; (B) explosions or fires arising from lightning or other natural causes unrelated to acts or omissions of the Party; (C) insurrection, rebellion, nationwide strikes; and (D) an act of god or other such significant and material event or circumstance which prevents one Party from performing a material and significant obligations hereunder, which such event or circumstance was not anticipated as of the Effective Date, is not within the Commercially Reasonable control of, or the result of the negligence of such claiming Party, and which, by the exercise of Commercially Reasonable Efforts, the claiming Party is unable to overcome or avoid or cause to be avoided; and (E) delays in obtaining goods or services from any subcontractor or supplier to the extent caused by the occurrence of any of the events described in the immediately preceding subparts (A) through (D). The acts, events or conditions listed in subparts (A) through (E) above shall only be deemed a Force Majeure if and to the extent they actually and materially delay or prevent the performance of a Party's obligations under this Agreement and: (i) are beyond the reasonable control of the Party, (ii) are not the result of the willful misconduct or negligent act or omission of such Party (or any person over whom that Party has control), (iii) are not an act, event or condition that reasonably could have been anticipated, or the risk or consequence of which such Party has assumed under the Agreement; and, (iv) cannot be prevented, avoided, or otherwise overcome by the prompt exercise of Commercially Reasonable diligence by the Party (or any Person over whom that Party has control).

14.1.1. Notwithstanding anything to the contrary herein, Force Majeure will *not* include the following: (a) any strike or labor dispute of the employees of either Party or any subcontractor that is not part of a regional or nationwide strike or labor

dispute; (b) any difficulty in obtaining or maintaining sufficient, or appropriately skilled, personnel to perform the work in accordance with the requirements of this Agreement; (c) normal wear and tear or obsolescence of any equipment; (d) Buyer's inability to economically use or resell the Product delivered and purchased hereunder; (e) Seller's ability to sell the Product (or any component of the Product) at a more advantageous price; (f) loss by Seller of any contractual arrangement; (g) any Regulatory Event; (h) loss or failure of Seller's supply of the Product or inability to generate the Product that is not caused by an independent Force Majeure event; (i) the cost or availability or unavailability of fuel, solar energy, wind, or motive force, as applicable, to operate the Facility; (j) economic hardship, including, without limitation, lack of money or financing or Seller's inability to economically generate the Product or operate the Facility; (k) any breakdown or malfunction of Facility equipment (including any serial equipment defect) that is not directly caused by an independent event of Force Majeure; (l) the imposition upon Seller of costs or taxes allocated to Seller hereunder or Seller's failure to obtain or qualify for any tax incentive, preference, or credit; (m) delay or failure of Seller to obtain or perform any Permit; (n) any delay, alleged breach of contract, or failure under any other agreement or arrangement between Seller and another entity, including without limitation, an agent or sub-contractor of Seller (except as a direct result of an event of Force Majeure defined in 14.1(E)); (o) Seller's failure to obtain, or perform under, the Interconnection Agreement, or its other contracts and obligations to Transmission Provider; or (p) increased cost of electricity, steel, materials, equipment, labor, or transportation.

14.2. Event. If either Party is rendered unable by Force Majeure to carry out, in whole or in part, any material obligation hereunder, such Party shall provide notice and reasonably full details of the event to the other Party as soon as reasonably practicable after becoming aware of the occurrence of the event (but in no event later than three (3) Business Days of the initial occurrence of the event of Force Majeure). Such notice may be given orally but shall be confirmed in writing as soon as practicable thereafter (and in any event within ten (10) days of the initial occurrence of the event of Force Majeure); provided however, a reasonable delay in providing such notice shall not preclude a Party from claiming Force Majeure but only so long as such delay does not prejudice or adversely affect the other Party.

14.3. Effect. Subject to the terms and conditions of Section 14, for so long as the event of Force Majeure is continuing, the specific obligations of the Party that are demonstrably and specifically adversely affected by the Force Majeure event, shall be suspended to the extent and for the duration made necessary by the Force Majeure, will not be deemed to be an Event of Default, and performance and termination of this Agreement will be governed exclusively by this Section 14. Notwithstanding anything to the contrary in this Agreement, Force Majeure will *not* be applicable to and will *not* be available as an excuse to Seller's Events of Default ~~performance of the obligations~~ set forth in Sections 19.3 through and including 19.234~~,~~ with the exception of those Events of Default set forth in Sections 19.7, 19.8 and 19.9. ~~Notwithstanding anything to the contrary in this Agreement, Force Majeure will *not* be available as an excuse to any delays or failures in Seller timely achieving Commercial Operations by the Commercial Operations Date, and any such delays or failures shall be governed exclusively by Section 20.5.~~

14.4. Remedy. The Party claiming Force Majeure shall act in a Commercially Reasonable Manner to remedy the Force Majeure as soon as practicable and shall keep the other Party advised as to the continuance of the Force Majeure event. If a bona fide Force Majeure event persists for a continuous period of one hundred eighty (180) days, then the Party not claiming Force Majeure

shall have the right, in its sole and unfettered discretion, to terminate this Agreement upon giving the other Party ten (10) Business Days advance written notice; provided, however, that where the Force Majeure event cannot be remedied within one hundred eighty (180) days and the claiming Party can demonstrate to the non-claiming Party its intention and ability to implement a Commercially Reasonable plan to remedy such Force Majeure event within an additional one hundred eighty (180) days after the initial one hundred eighty (180) day period and the claiming Party uses Commercially Reasonable efforts to implement such plan, the non-claiming Party shall not have the right to terminate the Agreement until the expiration of such additional one hundred eighty (180) day period.

14.5. Termination. Unless otherwise agreed upon by the Parties in writing and in each Party's sole discretion, upon the expiration of the periods set forth above in Sections 14.4, this Agreement may be terminated without any further notice and further opportunity to cure any non-performance. Upon termination becoming effective pursuant to a Force Majeure under Section 14, neither Party will have any liability to the other Party or recourse against the other Party, other than for amounts arising prior to termination. Notwithstanding the claimed existence of a Force Majeure event or any other provisions of this Agreement, nothing herein shall relieve any Party from exercising any right or remedy provided under this Agreement with respect to any liability or obligation of the other Party that is not excused or suspended by the Force Majeure event, including, without limitation, the right to liquidate and early terminate the Agreement for any Event of Default not excused by the Force Majeure event. Nothing herein shall be construed so as to obligate any Party to settle any strike, work stoppage or other labor dispute or disturbance or to make significant capital expenditures, except in the sole discretion of the Party experiencing such difficulty.

15. **Change in Law**

15.1. Regulatory Event. A "Regulatory Event" means one or more of the following events:

15.1.1. Illegality. After the Effective Date, due to the adoption of, or change in, any applicable Requirements of Law or in the interpretation thereof by any Governmental Authority with competent jurisdiction, it becomes unlawful for a Party to perform any material obligation under this Agreement.

15.1.2. Adverse Government Action. After the Effective Date, there occurs any adverse material change in any applicable Requirements of Law (including material change regarding a Party's obligation to sell, deliver, purchase, or receive the Product) and any such occurrence renders illegal or unenforceable any material performance or requirement under this Agreement.

15.2. Process. Upon the occurrence of a Regulatory Event the Party affected by the Regulatory Event may notify the other Party in writing of the occurrence of a Regulatory Event, together with details and explanation supporting the occurrence of a Regulatory Event. Upon receipt of such notice, the Parties agree to undertake, during the thirty (30) days immediately following receipt of the notice, to negotiate such modifications to reform this Agreement to remedy the Regulatory Event and attempt to give effect to the original intention of the Parties. Upon the expiration of the 30-day period, if the Parties are unable to agree upon modifications to the Agreement that are acceptable to each Party, in each Party's reasonable discretion, then either Party shall have the right, in such Party's sole discretion, to terminate this Agreement with a 30-day advance written notice.

16. **Confidentiality**

16.1. Protected Information. Protected Information. Except as otherwise set forth in this

Agreement, neither Party (the "Receiving Party") shall, without the other Party's (the "Disclosing Party") prior written consent, disclose any Protected Information (as defined below) of the Disclosing Party to any third person (other than the Party's employees, affiliates, advisors, counsel, accountants, and current and prospective lenders and investors in the Facility who have a need to know such information, have agreed to keep such terms confidential, and for whom the Party shall be liable in the event of a breach of such confidentiality obligation), at any time during the Term or for five (5) years after the expiration or early termination of this Agreement. As used herein the term "Protected Information" means (a) this Agreement, (b) any proprietary information of the Disclosing Party disclosed in connection with this Agreement, including without limitation, proposals and negotiations whether disclosed prior to or after the date hereof that have been clearly marked as confidential or proprietary. Notwithstanding anything to the contrary herein, in no event will Protected Information include the concept of constructing or providing energy from a power plant, using any specific fuel source, in any specific location. Each Party shall be entitled to all remedies available at law or in equity (including but not limited to specific performance and/or injunctive relief,) to enforce, or seek relief in connection with, this confidentiality obligation. Notwithstanding any other provision of this Agreement, any claim related to or arising out of any confidentiality obligations herein may be brought directly in any state or federal court of competent jurisdiction in Greenville County, South Carolina, in accordance with Section 26.5 of this Agreement, and shall not be subject to dispute resolution or arbitration pursuant to Section 23 of this Agreement.

16.2. Non-Confidential Information. Protected Information does not include information: (i) that is or becomes available to the public other than by disclosure of Receiving Party in breach of this Agreement; (ii) known to Receiving Party prior to its disclosure; (iii) available to Receiving Party from a third party who is not bound to keep such information confidential; or, (iv) independently developed by the Receiving Party without reliance upon the Protected Information.

16.3. Return of Confidential Information. Upon request of Disclosing Party, Receiving Party shall either (i) return the Protected Information, including all copies, or (ii) destroy the Protected Information, including all copies, and present written assurances of the destruction to Disclosing Party. Notwithstanding the foregoing, both Parties acknowledge that Protected Information transferred and maintained electronically (including e-mails) may be automatically archived and stored by Receiving Party on electronic devices, magnetic tape, or other media for the purpose of restoring data in the event of a system failure (collectively, "Back-Up Tapes"). Notwithstanding the terms of this Agreement, in no event shall Receiving Party be required to destroy Protected Information stored on Back-Up Tapes; provided, however, any Protected Information not returned or destroyed pursuant to this Section shall be kept confidential for the duration of its existence. Furthermore, the Receiving Party may retain one (1) copy of such Protected Information in Receiving Party's files solely for audit and compliance purposes for the duration of its existence; provided, however, such Protected Information shall be kept confidential for the duration of its existence in accordance with the terms of this Agreement.

16.4. Required Disclosures. Notwithstanding the confidentiality requirements set forth herein, a Party may disclose Protected Information to comply with PURPA, request of any Governmental Authority, applicable Requirements of Law, or any exchange, control area or System operator rule, in response to a court order, or in connection with any court or regulatory proceeding. Such disclosure shall not terminate the obligations of confidentiality unless the Protected Information falls within one of the exclusions of this Agreement. To the extent the disclosure of Protected Information is requested or compelled as set forth above, the Receiving Party agrees to give Disclosing Party reasonable notice of any discovery request or order, subpoena,

or other legal process requiring disclosure of any Protected Information. Such notice by the Receiving Party shall give Disclosing Party an opportunity, at Disclosing Party's discretion and sole cost, to seek a protective order or similar relief, and the Receiving Party shall not oppose such request or relief. If such protective order or other appropriate remedy is not sought and obtained within at least thirty (30) days of Receiving Party's notice, Receiving Party shall disclose only that portion of the Protected Information that is required or necessary in the opinion of Receiving Party's legal counsel; provided, however, Receiving Party shall use reasonable efforts to obtain assurances that confidential treatment will be accorded to any Protected Information so disclosed.

16.5. Regulatory Disclosures by Buyer. This Section 16.5 will apply notwithstanding anything to the contrary in this Agreement. Seller understands and acknowledges that Buyer is regulated by various regulatory and market monitoring entities. Buyer is permitted, in its sole discretion, to disclose or to retain and not destroy (in case of a future disclosure need as determined by Buyer in its sole discretion) any information (including Protected Information) to any regulatory commission (inclusive of the NCUC, SCPSC, FERC), NERC, market monitor, office of regulatory staff, and/or public staff, or any other regulator or legislative body without providing prior notice to the Seller or having obtained the consent from the Seller, using Buyer's business judgment and the appropriate level of confidentiality Buyer seeks for any such disclosures or retentions in its sole discretion. In the event of the establishment of any docket or proceeding before any regulatory commission, public service commission, public utility commission, or other agency, tribunal, or court having jurisdiction over Buyer, the Protected Information shall automatically be governed solely by the rules and procedures governing such docket or proceeding to the extent such rules or procedures are additional to, different from, or inconsistent with this Agreement. In regulatory proceedings in all state and federal jurisdictions in which Buyer does business, Buyer will from time-to-time be required to produce Protected Information, and Buyer may do so without prior notice to Seller or consent from Seller, using Buyer's business judgment, and the appropriate level of confidentiality Buyer seeks for such disclosures in its sole discretion. When a request for disclosure of information, including Protected Information, is made to Buyer, Buyer may disclose the information, including Protected Information, without prior notice to the Seller or consent from the Seller, using Buyer's business judgment and the appropriate level of confidentiality Buyer seeks for such disclosures in its sole discretion. Seller further acknowledges that Buyer is required by law or regulation to report certain information that could embody Protected Information from time-to-time, and Buyer may from time-to-time make such reports, without providing prior notice to Seller or consent from Seller, using Buyer's business judgment and the appropriate level of confidentiality Buyer seeks for such disclosures in its sole discretion.

16.6. Liquidated Damages. In the event of a Party's violation of any prohibition contained in this Section, such Party shall be liable to the other in the amount of Ten Thousand U.S. Dollars ($10,000.00) for each such violation. For the purposes of calculating liquidated damages under this Section, each that a violation continues after receipt by a Party of a notice of violation from the other Party shall constitute a separate violation.

17. **Mutual Representations and Warranties**

17.1. As of the Effective Date and throughout the Term, each Party represents and warrants to the other Party that:

17.1.1. It is duly organized, validly existing and in good standing under the Requirements of Law of the jurisdiction of its organization or formation and has all requisite power and authority to execute and enter into this Agreement;

17.1.2. It has all authorizations under the Requirements of Law (including but not limited to the Required Approvals), necessary for it to legally perform its obligations and consummate the transactions contemplated hereunder or will obtain such authorizations in a timely manner prior to the time that performance by such Party becomes due;

17.1.3. The execution, delivery, and performance of this Agreement will not conflict with or violate any Requirements of Law or any contract, agreement or arrangement to which it is a party or by which it is otherwise bound;

17.1.4. This Agreement constitutes a legal, valid, and binding obligation of such Party enforceable against it in accordance with its terms, and such Party has all rights necessary to perform its obligations to the other Party in accordance with the terms and conditions of this Agreement;

17.1.5. It is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether or not this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the representations, advice or recommendations of the other Party in so doing, is capable of assessing the merits of this Agreement, and understands and accepts the terms, conditions, and risks of this Agreement for fair consideration on an arm's length basis;

17.1.6. No Event of Default or event which with notice or lapse of time, or both, would become an Event of Default, has occurred with respect to such Party, and that such Party is not Bankrupt and there are no proceedings pending or being contemplated by it, or to its knowledge, threatened against it which would result in it being or becoming Bankrupt;

17.1.7. There is no pending, or to its knowledge, threatened legal proceeding at law or equity against it or any Affiliate, that materially adversely affects its ability to perform its obligations under this Agreement;

17.1.8. It is a "forward contract merchant" and this Agreement constitutes a "forward contract" as such terms are defined in the United States Bankruptcy Code;

17.1.9. It is an "eligible commercial entity" within the Commodity Exchange Act;

17.1.10. It is an "eligible contract participant" within the Commodity Exchange Act; and;

17.1.11. Each person who executes this Agreement on behalf of such Party has full and complete authority to do so, and that such Party will be bound by such execution.

18. **Seller Representations and Warranties to Buyer**

18.1. For all Product and every aspect thereof, Seller represents, warrants, and reaffirms to Buyer as a continuing warranty and representation that:

18.1.1. All Product will meet the specifications and requirements in this Agreement, including without limitation, compliance with PURPA;

18.1.2. Seller has provided and conveyed and will provide and convey to Buyer all Capacity rights associated with the Facility and Energy Produced by the Facility;

18.1.3. Seller holds all the rights to all the Product from the Facility, Seller has the right to

sell the Product to Buyer, and Seller agrees to convey and does convey to Buyer all rights and good title to the Product free and clear of any Liens, encumbrances, or title defects;

18.1.4. Seller has not and will not double claim or double count the Product (including, without limitation, any Capacity of the Facility) in any manner (including, for example, by issuing a press release or otherwise claiming that Seller is creating any Capacity benefit, or selling the Product to any person other than exclusively to and for Buyer); and

18.1.5. Seller has not and will not in any manner interfere with, encumber or otherwise impede Buyer's use, transfer, and sale of the Product.

19. **Events of Default**

19.1. An "Event of Default" means with respect to the non-performing Party (such Party, the "Defaulting Party"), the occurrence of any one or more of the following events set forth below in this Section 19, each of which, individually, shall constitute a separate Event of Default:

19.2. The failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within ten (10) Business Days after the Defaulting Party's receipt of written notice; *provided, however*, a Party will have two (2) Business Days to remedy any failure to make payment required under Section 21;

19.3. Any covenant or warranty made by Seller under Section 6.2 (Seller Covenant) is false or misleading in any respect when made or when deemed made or repeated.

19.4. Any representation or warranty made by a Party under Section 17 and elsewhere in this Agreement (except Section 18 which is a separate Event of Default) is false or misleading in any material respect when made or when deemed made or repeated;

19.5. Seller fails to comply with Section 7.1.1 and such failure is not remedied within three Business Days after Seller's receipt of written notice from Buyer.

19.6. Any representation or warranty made by Seller under Section 18 (Seller Representations and Warranties to Buyer) is false or misleading in any respect when made or when deemed made or repeated;

19.7. If Seller prior to the Commercial Operation Date ceases construction of the Facility for more than sixty (60) consecutive days; *provided, however,* that such cessation shall not be deemed an Event of Default if Seller can make a Commercially Reasonable demonstration to Buyer, in Buyers Commercially Reasonable discretion, that in spite of such cessation the Facility will achieve Commercial Operation by the Commercial Operation Date as it may be extended pursuant to the terms of Section 20.5;

19.8. Seller fails to fully and timely achieve any of the Operational Milestone Schedule events (other than the Commercial Operation Date which is governed by Section 19.9 and 20.5); *provided, however,* that such failure shall not be deemed an Event of Default if Seller can make a Commercially Reasonable demonstration to Buyer, in Buyers Commercially Reasonable discretion, that in spite of missing the Milestone Deadline the Facility will achieve Commercial Operation by the Commercial Operation Date as it may be extended pursuant to the terms of Section 20.5.

19.9. Seller fails to achieve Commercial Operation by the Commercial Operation Date, as it may be extended pursuant Section 20.5;

19.10. The actual Nameplate Capacity Rating of the Facility is higher than the Nameplate Capacity Rating set forth in Exhibit 4, or, as of the Commercial Operation Date, is lower than the Nameplate Capacity Rating by more than five (5) percent of the Nameplate Capacity Rating set forth in Exhibit 4.

19.11. Seller Abandons the Facility for more than sixty (60) consecutive days;

19.12. Seller fails to provide, replenish, renew, or replace the Performance Assurance and/or otherwise fails to fully comply with the credit related requirements of this Agreement, including without limitation, Section 5, and any such failure is not cured within five (5) Business Days.

~~19.13. Seller adds an energy storage device to the Facility without obtaining Buyer's prior written consent.~~

~~19.14. Seller increases the DC/AC ratio of the Facility as shown in Exhibit 4 without obtaining Buyer's prior written consent.~~

~~19.15.~~19.13. If the Facility is equipped with a Storage Resource: (i) Seller's failure to materially comply with the Energy Storage Protocol as required under this Agreement and such failure is not remedied within three Business Days after Seller's receipt of written notice from Buyer, or (ii) if Seller fails to materially comply with any Energy Storage Protocol on more than three (3) occasions over the Term of this Agreement; *provided however,* that any such failure shall not be counted against the cumulative limit if Seller can make a Commercially Reasonable demonstration to Buyer that Seller's failure to materially comply with the Energy Storage Protocol was beyond Seller's reasonable control and not the result of Seller's intentional misconduct or gross negligence;

~~19.16.~~19.14. Seller fails to fully meet all the insurance requirements set forth in Section 7.5, and such failure is not cured within five (5) Business Days.

~~19.17.~~19.15. Seller fails to obtain or maintain the Facility's registration or certification as a Qualifying Facility under PURPA.

~~19.18.~~19.16. Seller fails to fully comply with the PURPA Fuel Requirements.

~~19.19.~~19.17. Seller delivers or attempts to deliver to Buyer any Product (or any component thereof) that was not generated by the Facility.

~~19.20.~~19.18. Seller fails to promptly and fully comply with a System Operator Instruction.

~~19.21. Seller fails to fully comply with the confidentiality obligations set forth in Section 16.~~

~~19.22.~~19.19. Seller consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and: (i) at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of Seller under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other Party; or (ii) the resulting, surviving, transferee or successor entity fails to meet the Creditworthiness standards or post Performance Assurance as required under this Agreement.

~~19.23.~~19.20. An assignment by or Change of Control with respect to Seller, other than in compliance with Section 24;

~~19.24.~~19.21. A Party becomes Bankrupt;

~~19.25.~~19.22. Seller transfers or assigns or otherwise conveys any of its rights or obligations under this Agreement to another Person in violation of the terms and conditions of this Agreement;

~~19.26. Seller violates the publicity obligations set forth in Section 26.10; and,~~

~~19.27.~~19.23. Except to the extent constituting a separate Event of Default (in which case the provisions applicable to that separate Event of Default shall apply) the failure to perform any material covenant or obligation set forth in this Agreement, if such failure is not remedied within thirty (30) days after the Defaulting Party's receipt of written notice.

20. **Early Termination.**

20.1. Early Termination Date. If an Event of Default with respect to a Defaulting Party has occurred and is continuing, then the other Party (such Party, the "Non-Defaulting Party") shall have the right, in its sole discretion and upon written notice to the Defaulting Party, to pursue any or all of the following remedies: (a) withhold payments due to the Defaulting Party under this Agreement; (b) suspend performance under this Agreement; and/or (c) designate a day (which day shall be no earlier than the day such notice is effective and shall be no later than twenty (20) days after the delivery of such notice is effective) as an early termination date to accelerate all amounts owing between the Parties, liquidate, net, recoup, set-off, and early terminate this Agreement and any other agreement between the Parties (such day, the "Early Termination Date").

20.2. Effectiveness of Default and Remedies. Where an Event of Default is specified herein and is governed by a system of law which does not permit termination to take place upon or after the occurrence of the relevant Event of Default in accordance with the terms of this Agreement an Event of Default and Early Termination Date shall be deemed to have occurred immediately upon any such event and no prior written notice shall be required. All of the remedies and provisions set forth in this section shall be without prejudice to any other right of the Non-Defaulting Party to accelerate amounts owed, net, recoup, setoff, liquidate, and early terminate this Agreement.

20.3. Net Settlement Amount. If the Non-Defaulting Party establishes an Early Termination Date, then the Non-Defaulting Party shall calculate its Gains or Losses and Costs resulting from the termination as of the Early Termination Date, in a Commercially Reasonable Manner. The Non-Defaulting Party shall aggregate such Gains or Losses and Costs with respect to the liquidation of the termination and any other amounts due under this Agreement and any other agreement between the Parties into a single net amount expressed in U.S. dollars (the "Net Settlement Amount"). The Non-Defaulting Party shall then notify the Defaulting Party of the Net Settlement Amount. The Defaulting Party shall pay the Non-Defaulting Party the full amount of the Net Settlement Amount within five (5) Business Days of delivery to the Defaulting Party of the notice of the Net Settlement Amount that the Defaulting Party is liable for.

20.4. Payment. Any Net Settlement Amount will only be due and payable only to the Non-Defaulting Party from and by the Defaulting Party. If the Non-Defaulting Party's aggregate Gains exceed its aggregate Losses and Costs, if any, resulting from the termination of this Agreement, the Net Settlement Amount will be deemed to be zero and no payment will be due or payable. The Non-Defaulting Party shall under no circumstances be required to account for or otherwise credit or pay the Defaulting Party for economic benefits accruing to the Non-Defaulting Party as a result of the Defaulting Party's default. The Non-Defaulting Party shall be entitled to recover any Net Settlement Amount by netting or set-off or to otherwise pursue recovery of damages. Additionally, Buyer will be entitled to recover any Net Settlement Amount by drawing upon any Performance Assurance or by netting or set-off, or to otherwise pursue recovery of damages. Any calculation and payment of the Net Settlement Amount will be independent of and in addition to Seller's obligation to reimburse Buyer for overpayments

pursuant to Section 20.6.

20.5. Commercial Operation Date Liquidated Damages.

20.5.1. Failure to Achieve First COD Date. Notwithstanding anything to the contrary in this Agreement, to the extent an Event of Default occurs due to Seller's failure to timely achieve the Commercial Operation Date as set forth in Exhibit 3 (the "First COD Date"), then this Agreement shall terminate and Seller shall be liable to Buyer for liquidated damages in the amount of [$5,000 per MW AC up to 20 MW and $2,000 per MW above 20 MW, based on the Nameplate Capacity of the Facility as stated in Exhibit 4~~2% x total projected revenue under the Agreement during the Term as determined by Buyer in its reasonable discretion~~ [_____ *U.S. dollars ($_____)*] (the "Default Liquidated Damages") which shall be due and payable by Seller within five (5) Business Days after the First COD Date; provided however, if no later than twenty (20) Business Days prior to the First COD Date Seller notifies Buyer in writing that Seller reasonably believes that it will be unable to achieve Commercial Operation by the First COD Date and Seller also notifies Buyer in writing that Seller desires to continue performance under this Agreement, then this Agreement shall remain in full force and effect and upon payment of liquidated damages to Buyer in the amount of [25% of the Default Liquidated Damages] (the "Initial Liquidated Damages") within five (5) Business Days after the First COD Date, Seller shall have up to an additional one hundred eighty (180) days from the First COD Date to achieve Commercial Operation (such extended date, the "Second COD Date"); provided however, no Initial Liquidated Damages shall be due to Buyer if Seller actually achieves Commercial Operation on or before the First COD Date.

20.5.2. Second COD Date. If Seller achieves Commercial Operation on or before the Second COD Date Seller shall pay Buyer additional liquidated damages, within five (5) Business Days of achieving the Second COD Date, in the amount of [75% of the Default Liquidated Damages divided by 180] [U.S. _____dollars ($_____)] per day (the "Per Diem Liquidated Damages") for each day that Commercial Operation was delayed beyond the First COD Date up to and including the one hundred eightieth (180th) day following the First COD Date as per diem liquidated damages for failing to timely achieve Commercial Operation by the First COD Date.

20.5.3. Failure to Achieve Second COD Date. If Seller fails to achieve Commercial Operation by the Second COD Date (i.e., within one hundred eighty (180) days following the First COD Date) then this Agreement will terminate and Seller will be liable to Buyer and will pay Buyer, within five (5) Business Days of such failure, additional liquidated damages (in addition to the Initial Liquidated Damages paid under Section 20.5.1) in the amount of [the Default Liquidated Damages [75% of the Default Liquidated Damages_____ U.S. dollars ($_____)].

20.5.4. Exclusive Remedy. The Parties agree that it would be extremely difficult and impracticable under the presently known and anticipated facts and circumstances to ascertain and fix the actual damages Buyer would incur if Seller does not achieve Commercial Operation by the promised Commercial Operation Date. Accordingly, the Parties agree that if Seller does not meet the promised Commercial Operation Date (as may be extended under this Section 20.5), Buyer's sole remedy for that delay shall be to recover from Seller as liquidated damages, and not as a penalty, the amount of liquidated damages specified in this Section 20.5. The agreed upon delay liquidated damages shall not limit Buyer's remedies for other breaches, actions or omissions of Seller under this Agreement

20.6. Overpayment Reimbursement. Notwithstanding anything else in this Agreement to the contrary, including without limitation the Net Settlement Amount calculation and payment provisions set forth in Sections 20.1 through 20.5, and without limiting any of Buyer's other rights or remedies hereunder, Seller agrees and acknowledges that in the event this Agreement is terminated prior to the expiration of the Term for any reason other than an Event of Default by Buyer, that Seller will reimburse Buyer for all amounts paid by Buyer to Seller under this Agreement in excess of Buyer's avoided cost for energy and capacity over the period starting from the Commercial Operation Date through the date of termination of this Agreement plus interest on such amount calculated at the rate of [DEC- 3.62%][DEP- 3.549%] to be adjusted annually until repaid (the "Overpayment Amount"). Seller agrees to reimburse Buyer for the Overpayment Amount notwithstanding anything to the contrary in this Agreement and without regard to whether Seller is or may be liable to Buyer for any additional amounts under this Agreement, including, without limitation, any Net Settlement Amount, Gains, and/or Losses determined or to be determined pursuant to this Agreement. The Seller will pay Buyer the Overpayment Amount no later than three (3) Business Days after the Early Termination Date.

~~20.6.~~20.7. Early Termination Due to Interconnection Costs. In the event that the combined estimated cost of the interconnection facilities and network upgrades required to interconnect the Facility to the System, as set forth in the system impact study delivered by the Transmission Provider to Seller, exceed $75,000 per MW of the Facility's Nameplate Capacity, Seller shall have the right to terminate this agreement with no liability to Buyer and receive return or release of an Performance Assurance provided under Section 5 by providing Buyer written notice of termination within ten (10) business days of receipt of the system impact study.

~~20.7.~~20.8. Survival. This Section 20 will survive any expiration or termination of this Agreement.

21. **Cover Costs**.

21.1. Exclusive Remedies. Except where a specific and exclusive remedy is otherwise set forth in this Agreement, the remedies set forth in this Section shall be a Party's exclusive remedies prior to termination for the other Party's failure to deliver the Product or to receive the Product pursuant to and in accordance with this Agreement.

21.2. Seller's Failure to Deliver. If Seller fails to deliver Product that complies with the requirements set forth in this Agreement or fails to deliver all or part of the Contract Quantity (each will be deemed as a failure to deliver for purposes of calculating damages), and such failure is not excused by a Permitted Excuse to Perform or Buyer's failure to perform, then Buyer shall elect in its sole discretion: (i) to terminate and liquidate this Agreement if such failure is an Event of Default as set forth herein, and in which case Buyer shall calculate its termination payment in accordance with this Agreement as though it were the Non-Defaulting Party; or, (ii) to require Seller to pay Buyer within three (3) Business Days of invoice receipt, liquidated damages in the amount obtained by multiplying the number of units of Product (or component thereof) that Seller failed to deliver to Buyer multiplied by two (2) times the per unit Contract Price (or component thereof).

21.3. Buyer's Failure to Accept Delivery. If Buyer fails to receive all or part of the Contract Quantity that Seller attempted to deliver to Buyer in accordance with this Agreement, and such failure by Buyer is not excused by a Permitted Excuse to Perform or Seller's failure to perform, then Seller shall elect in its sole discretion either to: (i) terminate and liquidate this Agreement if such failure is an Event of Default as set forth herein, and in which case Seller shall calculate its termination payment in accordance with this Agreement as though it were the Non-

Defaulting Party; or, (ii) require Buyer to pay Seller within three (3) Business Days of invoice receipt, liquidated damages in the amount obtained by multiplying the number of units of Product (or component thereof) that Buyer failed to receive multiplied by two (2) times the per unit Contract Price (or component thereof).

21.4. Event of Default. Any failure by Seller to pay amounts due under this Section 21 will be an Event of Default under Section 19.2.

21.5. Survival. This Section 21 will survive any expiration or termination of this Agreement.

22. **Limitation of Liabilities & Liquidated Damages.**

22.1. Reasonableness. THE EXPRESS REMEDIES AND MEASURES OF DAMAGES, INCLUDING WITHOUT LIMITATION DETERMINATION OF LIQUIDATED DAMAGES, COVER COSTS, AND NET SETTLEMENT AMOUNT DAMAGES PROVIDED FOR IN THIS AGREEMENT (i) ARE REASONABLE AND SATISFY THE ESSENTIAL PURPOSES HEREOF FOR BREACH OF ANY PROVISION FOR WHICH THE EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, AND (ii) UNLESS OTHERWISE STATED IN SUCH PROVISIONS, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISIONS, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. TO THE EXTENT ANY PROVISION OF THIS AGREEMENT PROVIDES FOR, OR IS DEEMED TO CONSTITUTE OR INCLUDE, LIQUIDATED DAMAGES, THE PARTIES STIPULATE AND AGREE THAT THE ACTUAL DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO ESTIMATE OR DETERMINE, THE LIQUIDATED AMOUNTS ARE A REASONABLE APPROXIMATION OF AND METHODOLOGY TO DETERMINE THE ANTICIPATED HARM OR LOSS TO THE PARTY, AND OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT. THE PARTIES FURTHER STIPULATE AND AGREE THAT ANY PROVISIONS FOR LIQUIDATED DAMAGES ARE NOT INTENDED AS, AND SHALL NOT BE DEEMED TO CONSTITUTE, A PENALTY, AND EACH PARTY HEREBY WAIVES THE RIGHT TO CONTEST SUCH PROVISIONS AS AN UNREASONABLE PENALTY OR AS UNENFORCEABLE FOR ANY REASON.

22.2. Limitation. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY HEREIN PROVIDED, (i) THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED; AND (ii) NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, EVEN IF SUCH DAMAGES ARE ALLOWED OR PROVIDED BY STATUTE, STRICT LIABILITY, ANY TORT, CONTRACT, OR OTHERWISE.

22.3. Damages Stipulation. Each Party expressly agrees and stipulates that the terms, conditions, and payment obligations set forth in Sections 20 and 21 are a reasonable methodology to approximate or determine harm or loss, each Party acknowledges the difficulty of determining actual damages or loss, and each Party hereby waives the right to contest such damages and payments as unenforceable, as an unreasonable penalty, or otherwise for any reason. The Parties further acknowledge and agree that damages and payments determined under Sections 20 and 21 are direct damages, will be deemed to be a direct loss, and will not be excluded from liability or recovery under the Limitations of Liabilities provisions of this Section 22.

22.4. Survival. This Section 22 will survive any expiration or termination of this Agreement.

23. **Disputes and Arbitration**

23.1. Resolution by the Parties. The Parties shall attempt to resolve any claims, disputes and other controversies arising out of or relating to this Agreement (collectively, "Dispute(s)") promptly by negotiation between executives who have authority to settle the Dispute and who are at a higher level of management than the persons with direct responsibility for administration of this Agreement. A Party may give the other Party written notice of a Dispute that has not been resolved in the normal course of business. Such notice shall include: (a) a statement of that Party's position and a summary of arguments supporting such position, and (b) the name and title of the executive who will be representing that Party and of any other person who will accompany the executive. Within ten (10) Business Days after delivery of the notice, the receiving Party shall respond with (a) a statement of that Party's position and a summary of arguments supporting such position, and (b) the name and title of the executive who will represent that Party and of any other person who will accompany the executive. Within twenty (20) Business Days after delivery of the initial notice, the executives of both Parties shall meet at Buyer's offices, and thereafter as often as they reasonably deem necessary, to attempt to resolve the Dispute. At the request of either Party, the Parties shall enter into a confidentiality agreement to cover any Dispute and discussions related thereto.

23.2. Demand for Arbitration.

23.2.1. If a Dispute has not been resolved by negotiation within thirty (30) Business Days of the disputing Party's initial notice, the Parties shall fully and finally settle the Dispute by binding arbitration administered by the American Arbitration Association ("AAA"), or such other nationally recognized arbitration association or organization as the Parties may mutually agree. The Arbitration shall be conducted in accordance with the AAA Commercial Arbitration Rules then in effect, and shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1-16. To the extent the AAA Rules conflict with any provision of Section 23 of this Agreement, the terms of this Agreement shall govern and control.

23.2.2. Either Party may serve the demand for arbitration on the other Party; provided, however, no demand for arbitration shall be made or permitted after the date when the institution of a civil action based on the Dispute would be barred by the applicable statute of limitations or repose.

23.2.3. All arbitration proceedings shall take place in Greenville, South Carolina.

23.2.4. A single arbitrator will arbitrate all Disputes where the amount in controversy is less than five-hundred thousand U.S. dollars ($500,000), and will be selected by the Parties or by the AAA if the Parties cannot agree to the arbitrator. Such arbitrator shall be a licensed attorney with at least ten (10) years of experience in the electric utility industry. The cost of the arbitrator(s) shall be borne equally by the Parties.

23.2.5. A panel of three (3) arbitrators will conduct the proceeding when the amount in controversy is equal to or more than five hundred thousand U.S. dollars ($500,000). If the Parties have not so agreed on such three (3) arbitrator(s) on or before thirty (30) days following the delivery of a demand for Arbitration to the other Party, then each Party, by notice to the other Party, may designate one arbitrator (who shall not be a current or former officer, director, employee or agent of such Party or any of its Affiliates). The two (2) arbitrators designated as provided in the immediately preceding sentence shall endeavor to designate promptly a third (3rd) arbitrator.

23.2.6. If either Party fails to designate an initial arbitrator on or before forty five (45) days following the delivery of an arbitration notice to the other Party, or if the two (2) initially designated arbitrators have not designated a third (3rd) arbitrator within thirty (30) days of the date for designation of the two (2) arbitrators initially designated, any Party may request the AAA to designate the remaining arbitrator(s) pursuant to its Commercial Arbitration Rules. Such third (3rd) arbitrator shall be a licensed attorney with at least ten (10) years of experience in the electric utility industry.

23.2.7. If any arbitrator resigns, becomes incapacitated, or otherwise refuses or fails to serve or to continue to serve as an arbitrator, the Party entitled to designate that arbitrator shall designate a successor.

23.3. Discovery. Either Party may apply to the arbitrators for the privilege of conducting discovery. The right to conduct discovery shall be granted by the arbitrators in their sole discretion with a view to avoiding surprise and providing reasonable access to necessary information or to information likely to be presented during the course of the arbitration, provided that such discovery period shall not exceed sixty (60) Business Days.

23.4. Binding Nature. The arbitrator(s)' decision shall be by majority vote (or by the single arbitrator if a single arbitrator is used) and shall be issued in a writing that sets forth in separately numbered paragraphs all of the findings of fact and conclusions of law necessary for the decision. Findings of fact and conclusions of law shall be separately designated as such. The arbitrator(s) shall not be entitled to deviate from the construct, procedures or requirements of this Agreement. The award rendered by the arbitrator(s) in any arbitration shall be final and binding upon the Parties, and judgment may be entered on the award in accordance with applicable law in any court of competent jurisdiction.

23.5. Consolidation. No arbitration arising under the Agreement shall include, by consolidation, joinder, or any other manner, any person not a party to the Agreement unless (a) such person is substantially involved in a common question of fact directly relating to the Dispute; provided however, such person will not include any Governmental Authority, (b) the presence of the person is required if complete relief is to be accorded in the arbitration, and (c) the person has consented to be included.

23.6. Mediation. At any time prior or subsequent to a Party initiating arbitration, the Parties may mutually agree to (but are not obligated to) attempt to resolve their Dispute by non-binding mediation, using a mediator selected by mutual agreement. The mediation shall be completed within thirty (30) Business Days from the date on which the Parties agree to mediate. Unless mutually agreed by the parties, any mediation agreed to by the Parties shall not delay arbitration. The Parties shall pay their own costs associated with mediation and shall share any mediator's fee equally. The mediation shall be held in Raleigh, North Carolina, unless another location is mutually agreed upon. Agreements reached in mediation shall be enforceable as settlement agreements in any court of competent jurisdiction.

23.7. Remedies. Except for Disputes regarding confidentiality arising under Section 16 of this Agreement, the procedures specified in this Section 23 shall be the sole and exclusive procedures for the resolution of Disputes between the Parties arising out of or relating to this Agreement; provided, however, that a Party may file a judicial claim or action on issues of statute of limitations or repose or to seek injunctive relief, sequestration, garnishment, attachment, or an appointment of a receiver, subject to and in accordance with the provisions of Section 26.5 (Venue/Consent to Jurisdiction). Preservation of these remedies does not limit the power of the arbitrator(s) to grant similar remedies, and despite such

actions, the Parties shall continue to participate in and be bound by the dispute resolution procedures specified in Section 23.

23.8. Settlement Discussions. All negotiations and discussion concerning Disputes between the Parties pursuant to Section 23 of this Agreement are to be deemed confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence and settlement privilege. No statement of position or offers of settlement made in the course of the dispute resolution process can be or will be offered into evidence for any purpose, nor will any such statements or offers of settlement be used in any manner against any Party. Further, no statement of position or offers of settlement will constitute an admission or waiver of rights by either Party. At the request of either Party, any such statements or offers, and all copies thereof, shall be promptly returned to the Party providing the same.

23.9. Survival. This Section 23 will survive any expiration or termination of this Agreement.

24. **Assignment**

24.1. Limitation. Except as set forth below in Section 24.2 with respect to pledging as collateral security, Seller shall not assign or encumber (collectively, the "Assignment") this Agreement, any rights or obligations under the Agreement, or any portion hereunder, without Buyer's prior written consent. Seller shall give Buyer at least thirty (30) days prior written notice of any requested Assignment. Subject to Seller providing Buyer with information demonstrating to Buyer, in Buyer's Commercially Reasonable Discretion, that Seller's proposed assignee has the technical, engineering, financial, and operational capabilities to perform under this Agreement, Buyer may not unreasonably withhold its consent; *provided, however*, that any such assignee shall agree in writing to be bound by the terms and conditions hereof and shall deliver to Buyer Performance Assurance in the amount required under this Agreement, and such enforceability assurance as the Buyer may request in its sole Commercially Reasonable discretion. Notwithstanding anything to the contrary herein, Buyer may pledge, encumber, or assign this Agreement without the consent of Seller to any Person that is Creditworthy, or that has provided Seller with a guaranty substantially in the form of Exhibit 6 from a Creditworthy credit support provider guaranteeing the assignee's obligations hereunder, and that has agreed in writing to assume the obligations of Buyer hereunder.

24.2. Pledge. Seller may, without prior consent of Buyer but with no less than ten (10) Business Days prior written notice to Buyer, pledge as collateral security this Agreement to a financing party in connection with any loan, lease, or other debt or equity financing arrangement for the Facility. Any pledge of this Agreement as collateral security will not relieve Seller of any obligation or liability under this Agreement or compromise, modify or affect any rights, benefits or risks of Buyer under this Agreement.

24.3. Acknowledgement of Non-Default. Provided that Seller is not in default of its obligations under this Agreement, upon reasonable request by Seller, Buyer will execute a written acknowledgement of non-default in the form of Exhibit 8 attached hereto (the "Acknowledgement") which shall be based on the actual knowledge of Buyer's personnel responsible for administering the Agreement at the time of the execution of the Acknowledgement and after due inquiry of Buyer's internal records only. Notwithstanding any provision to the contrary set forth in the Acknowledgment, Buyer reserves all rights and defenses available to it under the Agreement, and nothing stated therein shall be deemed to have waived, amended or modified any such rights or defenses. In no event shall the issuance of any Acknowledgement introduce any third party to this Agreement or create any

rights, including third party beneficiary rights for any Person under this Agreement. .

24.4. Change of Control. Any Change of Control of Seller (however this Change of Control occurs) shall require the prior written consent of Buyer, which shall not be unreasonably withheld or delayed. Seller shall give Buyer at least thirty (30) days prior written notice of any such requested consent to a Change of Control.

24.5. Delivery of Assurances & Voidable. Any Assignment or Change of Control will not relieve Seller of its obligations hereunder, unless Buyer agrees in writing in advance to waive the Seller's continuing obligations under this Agreement. In case of a permitted Assignment , such requesting party or parties shall agree in writing to assume all obligations of Seller and to be bound by the terms and conditions of this Agreement and shall deliver to Buyer such tax, credit, performance, and enforceability assurances as Buyer may request, in its Commercially Reasonable discretion. Further, Buyer's consent to any Assignment may be conditioned on and subject to Seller's proposed assignee having first obtained all approvals that may be required by any Requirements of Law and from all applicable Governmental Authorities. Any sale, transfer, Change of Control, and/or Assignment of any interest in the Facility or in the Agreement made without fully satisfying the requirements of this Agreement shall be null and void and will be an Event of Default hereunder with Seller as the Defaulting Party.

24.6. Cost Recovery. Without limiting Buyer's rights under this Section 24, to the extent Buyer agrees to a request from Seller for one or more consent(s) to an Assignment or Change of Control under this Agreement, Seller shall pay Buyer ten thousand dollars ($10,000) prior to Buyer processing Seller's request.

25. **Notices**.

25.1. Process. All notices, requests, or invoices shall be in writing and shall be sent to the address of the applicable Party as specified on the first page of this Agreement. A Party may change its information for receiving notices by sending written notice to the other Party. Notices shall be delivered by hand, certified mail (postage prepaid and return receipt requested), or sent by overnight mail or courier. This section shall be applicable whenever words such as "notify," "submit," "give," or similar language are used in the context of giving notice to a Party.

25.2. Receipt of Notices. Hand delivered notices shall be deemed delivered by the close of the Business Day on which it was hand delivered. Notices provided by certified mail (postage prepaid and return receipt requested), mail delivery or courier service, or by overnight mail or courier service will be deemed received on the date of delivery recorded by the delivery service or on the tracking receipt, as applicable. Notwithstanding anything to the contrary, if the day on which any notice is delivered or received is not a Business Day or is after 5:00 p.m. EPT on a Business Day, then it shall be deemed to have been received on the next following Business Day.

26. **Miscellaneous.**

26.1. Costs. Each Party shall be responsible for its own costs and fees associated with negotiating or disputing or taking any other action with respect to this Agreement, including, without limitation, attorney costs, except that the cost of the arbitrator(s) will be allocated equally between the Parties as provided in Section 23.

26.2. Access. Upon reasonable prior notice, Seller shall provide to Buyer and its authorized agents (including contractors and sub-contractors), employees, auditors, and inspectors reasonable access to the Facility to: (i) tour or otherwise view the Facility; (ii) ascertain the status of the Facility with respect to construction, start-up and testing, or any other obligation of

Seller under this Agreement; and, (iii) read meters and perform all inspections, maintenance, service, and operational reviews as may be appropriate to facilitate the performance of this Agreement or to otherwise audit and/or verify Seller's performance under this Agreement. Upon reasonable prior notice, Seller shall provide to Buyer and its guests or customers reasonable access to the Facility to only tour or otherwise view the Facility. While at the Facility, the foregoing agents, employees, auditors, inspectors, guests, and customer shall observe such reasonable safety precautions as may be required by Seller, conduct themselves in a manner that will not interfere with the operation of the Facility, and adhere to Seller's reasonable rules and procedures applicable to Facility visitors. Seller shall have the right to have a representative of Seller present during such access.

26.3. Safe Harbor and Waiver of Section 366. Each Party agrees that it will not assert, and waives any right to assert, that the other Party is performing hereunder as a "utility," as such term is used in 11 U.S.C. Section 366. Further, each Party hereby waives any right to assert and agrees that it will not assert that 11 U.S.C. Section 366 applies to this Agreement or any transaction hereunder in any bankruptcy proceeding. In any such proceeding each Party further waives the right to assert and agrees that it will not assert that the other Party is a provider of last resort with respect to this Agreement or any transaction hereunder or to otherwise limit contractual rights to accelerate amounts owed, net, recoup, set-off, liquidate, and/or early terminate. Without limiting the generality of the foregoing or the binding nature of any other provision of this Agreement on permitted successors and assigns, this provision is intended to be binding upon all successors and assigns of the Parties, including, without limitation, judgment lien creditors, receivers, estates in possession, and trustees thereof.

26.4. Governing Law. THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED, AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF SOUTH CAROLINA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW, AND, IF APPLICABLE, BY THE FEDERAL LAW OF THE UNITED STATES OF AMERICA.

26.5. Venue/Consent to Jurisdiction. Except for Disputes that are subject to Arbitration as provided herein, any judicial action, suit, or proceedings arising out of, resulting from, or in any way relating to, this Agreement, or any alleged breach or default under the same or the warranties and representations contained in the same, shall be brought only in a state or federal court of competent jurisdiction located in Greenville County, South Carolina. The Parties hereto irrevocably consent to the jurisdiction of any federal or state court within Greenville County, South Carolina and hereby submit to venue in such courts. Without limiting the generality of the foregoing, the Parties waive and agree not to assert by way of motion, defense, or otherwise in such suit, action, or proceeding, any claim that (i) such Party is not subject to the jurisdiction of the state or federal Courts within North Carolina; or (ii) such suit, action, or proceeding is brought in an inconvenient forum; or (iii) the venue of such suit, action, or proceeding is improper. The exclusive forum for any litigation between them under this Agreement that is not subject to Arbitration shall occur in federal or state court within Greenville County, South Carolina.

26.6. Limitation of Duty to Buy. If this Agreement is terminated due to a default by Seller, neither Seller, nor any affiliate and/or successor of Seller, nor any affiliate and/or successor to the Facility, including without limitation owner and/or operator of the Facility will require or seek to require Buyer to purchase any output (Energy or otherwise) from the Facility under any Requirements of Law (including without limitation PURPA) or otherwise for any period that would have been covered by the Term of this Agreement had this Agreement remained in effect at a price that exceeds the Contract Price. Seller, on behalf of itself and on behalf of any other entity on whose behalf it may act, and on behalf of any successor to the Seller or

successor to the Facility, hereby agrees to the terms and conditions in the above sentence, and hereby waives its right to dispute the above sentence. Seller authorizes the Buyer to record notice of the foregoing in the real estate records.

26.7. Entire Agreement and Amendments. This Agreement represents the entire agreement between the Parties with respect to the subject matter of this Agreement, and supersedes all prior negotiations, binding documents, representations and agreements, whether written or oral. No amendment, modification, or change to this Agreement shall be enforceable unless agreed upon in a writing that is executed by the Parties.

26.8. Drafting. Each Party agrees that it (and/or its counsel) has completely read, fully understands, and voluntarily accepts every provision, term, and condition of this Agreement. Each Party agrees that this Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties, and no Party shall have any provision hereof construed against such Party by reason of such Party drafting, negotiating, or proposing any provision hereof, or execution of this Agreement. Each Party irrevocably waives the benefit of any rule of contract construction that disfavors the drafter of a contract or the drafter of specific language in a contract.

26.9. Headings. All section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

26.10. Publicity.

26.10.1. Limitation on Seller. Seller shall not make any announcement or release any information concerning or otherwise relating to this Agreement to any member of the public, press, Person, official body, or otherwise without Buyer's prior written consent, which shall not be unreasonably withheld; provided, however, any content approved by Buyer shall be limited to the non-confidential facts of the Agreement and will not imply, directly or indirectly, any endorsement, partnership, support, or testimonial of Seller by Buyer.

26.10.2. Limitation on the Parties. Neither Party shall make any use of the other Party's name, logo, likeness in any publication, promotional material, news release, or similar issuance or material without the other Party's prior review, approval, and written consent. Seller agrees and acknowledges that any reference or likeness to "Duke" shall be a prohibited use of Buyer's name, logo, likeness. Seller agrees and acknowledges that any direct or indirect implication of any endorsement, partnership, support, or testimonial of Seller by Buyer is prohibited, and any such use, endorsement, partnership, support, and/or testimonial will be an Event of Default under this Agreement. Subject to the foregoing, either Party may disclose to the public general information in connection with the Party's respective business activities; *provided, however,* no such disclosure or publicity by Seller will directly or indirectly imply any endorsement, partnership, support, or testimonial of Seller by Buyer.

~~26.10.2.~~26.10.3. Liquidated Damages. In the event of a Party's violation of any prohibition contained in this Section, such Party shall be liable to the other in the amount of Ten Thousand U.S. Dollars ($10,000.00) for each such violation. For the purposes of calculating liquidated damages under this Section, each that a violation continues after receipt by a Party of a notice of violation from the other Party shall constitute a separate violation.

26.11. Waiver. No waiver by any Party of any of its rights with respect to the other Party or with respect to any matter or default arising in connection with this Agreement shall be construed

as a waiver of any subsequent right, matter or default whether of a like kind or different nature. Any waiver under this Agreement will be effective only if it is in writing that has been duly executed by an authorized representative of the waiving Party.

26.12. Partnership and Beneficiaries. Nothing contained in this Agreement shall be construed or constitute any Party as the employee, agent, partner, joint venture, or contractor of any other Party. This Agreement is made and entered into for the sole protection and legal benefit of the Parties, and their permitted successors and assigns. No other person or entity, including, without limitation, a financing or collateral support provider, will be a direct or indirect beneficiary of or under this Agreement, and will not have any direct or indirect cause of action or claim under or in connection with this Agreement.

26.13. Severability. Any provision or section hereof that is declared or rendered unlawful by any applicable court of law, or deemed unlawful because of a statutory change, shall not, to the extent practicable, affect other lawful obligations under this Agreement.

26.14. Counterparts. This Agreement may be executed in counterparts, including facsimiles hereof, and each such executed document will be deemed to be an original document and together will complete execution and effectiveness of this Agreement.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, Seller and Buyer have caused this Agreement to be executed by their respective duly authorized officers as of the Effective Date.

[DUKE ENERGY CAROLINAS, LLC] [DUKE ENERGY PROGRESS, LLC]

BY: _____
NAME:
TITLE:
DATE:

[_SELLER_____]

BY: _____
NAME: _____
TITLE: _____
DATE:

Exhibit 1

Estimated Monthly Energy Production of the Facility

Month	Estimated Facility Energy Production (MWh)
January	
February	
March	
April	
May	
June	
July	
August	
September	
October	
November	
December	
Total	

Exhibit 2

Contract Price

Testing Period Energy Contract Price: _____

Relevant Portion of the Delivery Period	Contract Price

Exhibit 3

Operational Milestone Schedule

Deadline	Performance/Result Seller Must Timely Achieve
	Due Diligence Period Completion
	Interconnection Agreement Executed
	Financing Milestone Commitment
	Initial Performance Assurance Delivery
	Final System Design under Interconnection Agreement
	Required Permits and Approval Deadlines
	Commencement Readiness Requirements
90 calendar days after the Interconnection Facilities and System Upgrades In-Service Date, and extended day-to-day for any delays not caused by the Seller.	Commercial Operation Date

1. **Financing Milestone Commitment.** If third party financing is being obtained by Seller to construct the Facility, Seller shall deliver to Buyer a letter of commitment for full project financing meeting all of the minimum requirements set forth below, as determined by Buyer in Buyer's sole Commercially Reasonable discretion. Buyer has no responsibility or obligation of any kind to Seller or any other person or entity with respect to Seller in connection with Seller's financing or the Financing Milestone Commitment.
   1.1. Fully-underwritten and binding (not "best efforts," a term sheet, or some lesser commitment);
   1.2. In an amount that is, along with fully underwritten and committed equity, adequate funding for the construction and operation of the project.
   1.3. Full agreement of the lender and Seller with respect to term, interest rates, fees and other economics of the lending transaction.
   1.4. Lender has approved the form of the power purchase agreement, turbine/panel supply agreement, engineering procurement and construction contract and other significant project agreements, subject only to the execution and delivery of those documents, as well as the

construction budget for the project, and that the lender has completed all necessary due diligence.

1.5. Lender retains no further approval rights with respect to size, site or technical aspects of the project.

1.6. Free of conditions to effectiveness relating to further equity commitments, the confirmation of tax attributes, the approvals of other public or private third parties or the satisfactory completion of third party reports or assessments (environmental, insurance or otherwise).

1.7. Not require any bonds or performance guarantees that have not already been obtained.

1.8. No general condition to financing that the lender be satisfied with the project in its discretion.

1.9. Fully executed by the lender and the Seller.

2. If Seller (or its Affiliate) is balance sheet financing the construction of the Facility, Seller shall satisfy this Financial Milestone Commitment by delivering to Buyer evidence of Seller's, or its Affiliate's, approval for funding in an amount adequate for the construction of the Facility

3. **Final System Design Under Interconnection Agreement.** Seller shall deliver to Buyer a copy of the design specifications delivered by Seller to the Transmission Provider as of Seller's execution of the facility study agreement with the Transmission Provider, which design specifications shall be deemed as the "final" system design for purposes of Seller's obligation to timely achieve the Commercial Operation Date set forth above in this Exhibit 3. The final design specification documents delivered by Seller shall be labeled as "***FINAL***", and shall be sealed with a South Carolina Professional Engineer for purposes of establishing the final design submitted by the Seller based on which the Transmission Provider will determine impacts to the System and construct interconnection facilities for Seller to interconnect with the System and perform under this Agreement. Seller understands that changes in system design may be deemed as material or significant design changes by the Transmission Provider, and could result in the Transmission Provider withdrawing Seller's position in the transmission queue or otherwise withdrawing Seller's transmission request, as may be determined by the Transmission Provider.

4. **Required Permits and Approval Deadlines.** Seller shall deliver to Buyer a list of required Permits and deadlines to secure each of those Permits. Seller shall identify and list all Permits customary and necessary for Seller to design, construct, test, commission, and fully operate the Facility. Seller shall also identify and list the deadline by which Seller must secure all final Permits for Seller to achieve the Commercial Operation Date set forth above in this Exhibit 3 and such final deadline shall be deemed to be a Milestone Deadline. Seller shall keep Buyer informed of its efforts to secure the Permits. For each identified Permit, Seller shall provide Buyer written notice, and any supporting documentation requested by Buyer in its Commercially Reasonable Discretion, that the identified Permits have been obtained, including, without limitation, any approvals from the local Governmental Authority approving the land use, site plan and construction of the Facility.

5. **Commencement Readiness Requirements.** Seller shall deliver to Buyer the list of major development and construction activities, together with deadlines for the commencement and successful completion of those activities for Seller to achieve the Commercial Operation Date set forth in this Exhibit 3. The list of major development and construction activities, together with commencement and completion deadlines, shall include each of the activities set forth below. Each such major development and construction activity shall be deemed to be an Operational Milestone, and the deadline by which Seller must successfully complete each such activity for Seller to achieve the Commercial Operation Date set forth in this Exhibit 3shall be deemed to be a Milestone Deadline. For each identified activity, Seller shall provide Buyer written notice, and any supporting documentation requested by Buyer in its Commercially Reasonable Discretion, that the identified activity has been commenced and/or successfully completed.

5.1. Proof of Seller's rights and interest in the site upon which the Facility is to be constructed, including the applicable sale agreement or long-term lease.

5.2. Delineation of any long lead-time procurement items, including a schedule for ordering and proof of such activity.

5.3. A project key milestone schedule, reflecting the critical milestone events for design and construction of the facility including the date upon which Seller shall achieve: thirty and ninety percent detailed design; site mobilization and commencement; mechanical completion; substantial completion; and final completion.

5.4. Identification of Seller's key personnel, with primary responsibility for the design and construction of the Facility and communications with Buyer.

5.5. Seller's operations and maintenance plan.

5.6. Seller's performance and capacity testing plan and performance guarantees, in which Seller defines the performance output requirements of the Facility and describes the procedures and timing for all testing that will be conducted to demonstrate whether the Facility meets the applicable performance requirements and conditions.

Exhibit 4

Facility Information

1. Facility Name:

2. Facility Address:

3. Description of Facility (include number, manufacturer and model of Facility generating units, and layout):

4. Nameplate Capacity Rating (MW~~):~~ AC~~) and DC~~:

~~[DC/AC Ratio:]~~

~~6.~~5. Fuel Type/Generation Type: Solar/Biomass/etc.

~~7.~~6. System Operator Instruction Dispatch Control Equipment: Full automatic generation control, as applicable to the Facility.

~~8.~~7. Site Map (include location and layout of the Facility, equipment, and other site details):

~~9.~~8. Delivery Point Diagram (include Delivery Point, metering, Facility substation):

9. Control Equipment. Subject to final approval by Buyer as of the date of final execution of the Interconnection Agreement, the following control equipment shall be installed at the Facility: A Power Plant Controller (PPC) which includes all features required to comply with this Agreement and the Interconnection Agreement, including, but not limited to, active power control (dispatch), power factor set point control, voltage schedule set point control, active power ramp rates, and frequency response control (from regulation signal sent from System Operator). Set points such as active power control, as required by this Agreement, will be made available to Buyer via a hard-wired DNP3 path at the Facility's Point of Interconnection. Remote access to the Facility's HMI (the Plant Controller Interface) will be given for control of the required variables, by the Buyer.

10.

~~11.~~ [Storage Resources. Subject to final approval by Buyer as of the date of final execution of the Interconnection Agreement, the following Storage resources shall be connected to or incorporated into the Facility [identify the design and all material components of any battery storage or other energy storage device connected to or incorporated into the Facility]

UPON EXECUTION OF THE AGREEMENT TO WHICH THIS EXHIBIT IS ATTACHED, ANY MATERIAL MODIFICATION TO THE FACILITY SHALL REQUIRE BUYER'S PRIOR APPROVAL, WHICH SHALL NOT BE UNREASONABLY WITHHIELD, CONDITIONED OR DELAYED, AND SHALL BE MEMORIALIZED IN WRITING IN AN AMENDMENT TO THE AGREEMENT. IT SHALL NOT BE REASONABLE FOR BUYER TO WITHHOLD CONSENT TO MODIFICATIONS TO THIS EXHIBIT THAT DOT INCREASE THE NAMEPLATE CAPACITY OF THE FACILITY OR RESULT IN AN EXCEEDANCE OF THE MAXIMUM ANNUAL ENERGY PRODUCTION.

Exhibit 5

Expected Annual Output

Year	MWh

Exhibit 6
Form of Guaranty

THIS GUARANTY AGREEMENT (this "Guaranty"), dated as of [date], is issued and delivered by [**enter corporate legal name**], a [state] [form of entity] (the "Guarantor"), for the account of [**enter corporate name**], a [state] [form of entity] (the "Obligor"), and for the benefit of **[enter corporate name]**, a **[state] [form of entity]** (the "Beneficiary").

Background Statement

WHEREAS, the Beneficiary and Obligor entered into that certain _____ dated (the "Agreement"); and

WHEREAS, Beneficiary has required that the Guarantor deliver to the Beneficiary this Guaranty as an inducement to enter into the Agreement.

Agreement

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration, the Guarantor hereby agrees as follows:

1. Guaranty; Limitation of Liability. Subject to any rights, setoffs, counterclaims and any other defenses that the Guarantor expressly reserves to itself under this Guaranty, the Guarantor absolutely and unconditionally guarantees the timely payment of the Obligor's payment obligations under the Agreement (the "Guaranteed Obligations"); provided, however, that the Guarantor's aggregate liability hereunder shall not exceed **[amount] U. S. Dollars (U.S. [$xx,xxx,xxx])**.

Subject to the other terms of this Guaranty, the liability of the Guarantor under this Guaranty is limited to payments expressly required to be made under the Agreement, and except as specifically provided therein, the Guarantor shall not be liable for or required to pay any consequential or indirect loss (including but not limited to loss of profits), exemplary damages, punitive damages, special damages, or any other damages or costs.

2. Effect of Amendments. The Guarantor agrees that the Beneficiary and the Obligor may modify, amend and supplement the Agreement and that the Beneficiary may delay or extend the date on which any payment must be made pursuant to the Agreement or delay or extend the date on which any act must be performed by the Obligor thereunder, all without notice to or further assent by the Guarantor, who shall remain bound by this Guaranty, notwithstanding any such act by the Beneficiary.

3. Waiver of Rights. The Guarantor expressly waives (i) protest, (ii) notice of acceptance of this Guaranty by the Beneficiary, and (iii) demand for payment of any of the Guaranteed Obligations.

4. Reservation of Defenses. Without limiting the Guarantor's own defenses and rights hereunder, the Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses that the Obligor may have to payment of all or any portion of the Guaranteed Obligations except defenses arising from the bankruptcy, insolvency, dissolution or liquidation of the Obligor and other defenses expressly waived in this Guaranty.

5. Settlements Conditional. This guaranty shall remain in full force and effect or shall be reinstated (as the case may be) if at any time any monies paid to the Beneficiary in reduction of the indebtedness of the Obligor under the Agreement have to be repaid by the Beneficiary by virtue of any provision or enactment relating to bankruptcy, insolvency or liquidation for the time being in force, and the liability of the Guarantor under this Guaranty shall be computed as if such monies had never been paid to the Beneficiary

6. Notice. The Beneficiary will provide written notice to the Guarantor if the Obligor defaults under the Agreement.

7. Primary Liability of the Guarantor. The Guarantor agrees that the Beneficiary may enforce this Guaranty without the necessity at any time of resorting to or exhausting any other security or collateral. This is a continuing Guaranty of payment and not merely of collection.

8. Representations and Warranties. The Guarantor represents and warrants to the Beneficiary as of the date hereof that:

a. The Guarantor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has full power and legal right to execute and deliver this Guaranty and to perform the provisions of this Guaranty on its part to be performed;

b. The execution, delivery and performance of this Guaranty by the Guarantor have been and remain duly authorized by all necessary corporate action and do not contravene any provision of its certificate of incorporation or by-laws or any law, regulation or contractual restriction binding on it or its assets;

c. All consents, authorizations, approvals, registrations and declarations required for the due execution, delivery and performance of this Guaranty have been obtained from or, as the case may be, filed with the relevant governmental authorities having jurisdiction and remain in full force and effect, and all conditions thereof have been duly complied with and no other action by, and no notice to or filing with, any governmental authority having jurisdiction is required for such execution, delivery or performance; and

d. This Guaranty constitutes the legal, valid and binding obligation of the Guarantor enforceable against it in accordance with its terms, except as enforcement hereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights or by general equity principles.

9. Nature of Guaranty. The Guarantor hereby agrees that its obligations hereunder shall be unconditional irrespective of the impossibility or illegality of performance by the Obligor under the Agreement; the absence of any action to enforce the Agreement; any waiver or consent by Beneficiary concerning any provisions of the Agreement; the rendering of any judgment against the Obligor or any action to enforce the

same; any failure by Beneficiary to take any steps necessary to preserve its rights to any security or collateral for the Guaranteed Obligations; the release of all or any portion of any collateral by Beneficiary; or any failure by Beneficiary to perfect or to keep perfected its security interest or lien in any portion of any collateral.

10. Subrogation**.** The Guarantor will not exercise any rights that it may acquire by way of subrogation until all Guaranteed Obligations shall have been paid in full. Subject to the foregoing, upon payment of all such Guaranteed Obligations, the Guarantor shall be subrogated to the rights of Beneficiary against the Obligor, and Beneficiary agrees to take at the Guarantor's expense such steps as the Guarantor may reasonably request to implement such subrogation.

11. Term of Guaranty. This Guaranty shall remain in full force and effect until the earlier of (i) such time as all the Guaranteed Obligations have been discharged, and (ii) [date] (the "Expiration Date"); provided however, the Guarantor will remain liable hereunder for Guaranteed Obligations that were outstanding prior to the Expiration Date.

12. Governing Law. This Guaranty shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to principles of conflicts of law.

13. Expenses. The Guarantor agrees to pay all reasonable out-of-pocket expenses (including the reasonable fees and expenses of the Beneficiary's counsel) relating to the enforcement of the Beneficiary's rights hereunder in the event the Guarantor disputes its obligations under this Guaranty and it is finally determined (whether through settlement, arbitration or adjudication, including the exhaustion of all permitted appeals), that the Beneficiary is entitled to receive payment of a portion of or all of such disputed amounts.

14. Waiver of Jury Trial. The Guarantor and the Beneficiary, through acceptance of this Guaranty, waive all rights to trial by jury in any action, proceeding or counterclaim arising or relating to this Guaranty.

15. Entire Agreement; Amendments. This Guaranty integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all oral negotiations and prior writings in respect to the subject matter hereof. This Guaranty may only be amended or modified by an instrument in writing signed by each of the Guarantor and the Beneficiary.

16. Headings. The headings of the various Sections of this Guaranty are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

17. No Third-Party Beneficiary. This Guaranty is given by the Guarantor solely for the benefit of the Beneficiary, and is not to be relied upon by any other person or entity.

18. Assignment. Neither the Guarantor nor the Beneficiary may assign its rights or obligations under this Guaranty without the prior written consent of the other, which consent may not be unreasonably withheld or delayed. Notwithstanding the foregoing, the Beneficiary may assign this Guaranty, without the Guarantor's consent, provided such assignment is made to an affiliate or subsidiary of the Beneficiary

Any purported assignment in violation of this Section 18 shall be void and without effect.

19. Notices. Any communication, demand or notice to be given hereunder will be duly given when delivered in writing or sent by electronic mail to the Guarantor or to the Beneficiary, as applicable, at its address as indicated below:

If to the Guarantor, at:

[Guarantor name]
[Address]
Attention: [contact]
Email:[email address]

With a copy to:

[Seller name]
[Address]
Attention: [contact]
Email:[email address]

If to the Beneficiary, at:

[Beneficiary name]
[Address]
Attention: [contact]
Email:[email address]

or such other address as the Guarantor or the Beneficiary shall from time to time specify. Notice shall be deemed given (a) when received, as evidenced by signed receipt, if sent by hand delivery, overnight courier or registered mail or (b) when received, as evidenced by email confirmation, if sent by email and received on or before 4 pm local time of recipient, or (c) the next business day, as evidenced by email confirmation, if sent by email and received after 4 pm local time of recipient.

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty as of the day and year first above written

[Guarantor name]

By: _____
Name:
Title:

[LETTERHEAD OF ISSUING BANK]

Irrevocable Standby Letter of Credit No.: _____

Date: _____

Beneficiary:
[Duke Energy Carolinas, LLC][Duke Energy Progress, LLC]
550 S. Tryon Street, DEC 40C
Charlotte, North Carolina 28202
Attn: Chief Risk Officer

Ladies and Gentlemen:

By the order of:

Applicant:
_____
_____
_____

We hereby issue in your favor our irrevocable standby letter of credit No.: _____ for the account of_____ for an amount or amounts not to exceed _____ US Dollars in the aggregate (US$_____) available by your drafts at sight drawn on [Issuing Bank] effective _____ and expiring at our office on _____ (the "Expiration Date").

The Expiration Date shall be deemed automatically extended without amendments for one year from the then current Expiration Date unless at least ninety (90) days prior to the then applicable Expiration Date, we notify you in writing by certified mail return receipt requested or overnight courier that we are not going to extend the Expiration Date. During said ninety (90) day period, this letter of credit shall remain in full force and effect

Funds under this letter of credit are available against your draft(s), in the form of attached Annex 1, mentioning our letter of credit number and presented at our office located at [Issuing Bank's address must be in US] and accompanied by a certificate in the form of attached Annex 2 with appropriate blanks completed, purportedly signed by an authorized representative of the Beneficiary, on or before the Expiration Date in accordance with the terms and conditions of this letter of credit. Partial drawings under this letter of credit are permitted.

Certificates showing amounts in excess of amounts available under this letter of credit are acceptable, however, in no event will payment exceed the amount available to be drawn under this letter of credit.

We engage with you that drafts drawn under and in conformity with the terms of this letter of credit will be duly honored on presentation if presented on or before the Expiration Date. Presentation at our office includes presentation in person, by certified, registered, or overnight mail.

Except as stated herein, this undertaking is not subject to any agreement, condition or qualification. The obligation of [Issuing Bank] under this letter of credit is the individual obligation of [Issuing Bank] and is in no way contingent upon reimbursement with respect hereto.

This letter of credit is subject to the International Standby Practices 1998, International Chamber of Commerce Publication No. 590 ("ISP98"). Matters not addressed by ISP98 shall be governed by the laws of the state of New York.

We shall have a reasonable amount of time, not to exceed three (3) business days following the date of our receipt of drawing documents, to examine the documents and determine whether to take up or refuse the documents and to inform you accordingly.

Kindly address all communications with respect to this letter of credit to [Issuing Bank's contact information], specifically referring to the number of this standby letter of credit.

All banking charges are for the account of the Applicant.

This letter of credit may not be amended, changed or modified without our express written consent and the consent of the Beneficiary.

This letter of credit is transferable, and we agree to consent to its transfer, subject to our standard terms of transfer and your payment to us of our standard transfer fee.

Very truly yours
[Issuing Bank]

_____ _____

Authorized Signer Authorized Signer

This is an integral part of letter of credit number: *[irrevocable standby letter of credit number]*

ANNEX 1

FORM OF SIGHT DRAFT

[Insert date of sight draft]

To: *[Issuing Bank's name and address]*

For the value received, pay to the order of _____ by wire transfer of immediately available funds to the following account:

[name of account]
[account number]
[name and address of bank at which account is maintained]
[aba number]
[reference]

The following amount:

[insert number of dollars in writing] United States Dollars
(US$ *[insert number of dollars in figures]*)

Drawn upon your irrevocable letter of credit No. *[irrevocable standby letter of credit number]* dated *[effective date]*

[Beneficiary]

By: _____
Title: _____

This is an integral part of letter of credit number: *[irrevocable standby letter of credit number]*

ANNEX 2

FORM OF CERTIFICATE

[Insert date of certificate]

To: *[issuing bank's name and address]*

[check appropriate draw condition]

[_____] An Event of Default (as defined in the [Name of Agreement between [Beneficiary's Name] and [Insert Counterparty's Name] dated as of _____ (the "Agreement")) has occurred with respect to [Counterparty's Name] and such Event of Default has not been cured within the applicable cure period, if any provided for in the Agreement.

Or

[_____] [Counterparty's Name] is required, pursuant to the terms of the Agreement, to maintain a letter of credit in favor of [Beneficiary's Name], has failed to renew or replace the Letter of Credit and the Letter of Credit has less than thirty (30) days until the expiration thereof.

[Beneficiary]

By: _____
Title:_____

Exhibit 8
Acknowledgement of Non-Default

[Print Duke Energy letterhead]

Date:

Address of Seller

Re: Acknowledgement of Non-Default (the "Acknowledgement") of the Power Purchase Agreement, between [Duke Energy Carolinas, LLC][Duke Energy Progress, LLC] ("Buyer") and [insert Seller name] dated as of _____ (the "Agreement").

Dear Sir or Madam:

The undersigned, a duly authorized representative of Buyer hereby acknowledges to Seller as follows:

1. The copy of the Agreement attached hereto as Exhibit A (including any amendments thereto) constitutes a true and complete copy of the Agreement;

2. Buyer has not transferred or assigned its interest in the Agreement; and

3. as of the date of this Acknowledgement based on the actual knowledge of Buyer's personnel responsible for administering the Agreement after due inquiry of Buyer's internal records only, there is no current Event of Default by Seller or Buyer under the Agreement, nor to Buyer's knowledge, has any event or omission occurred which, with the giving of notice or the lapse of time or both, would constitute an Event of Default under the Agreement and the Agreement is in full force and effect.

Notwithstanding any provision to the contrary set forth herein, Buyer reserves all rights and defenses available to it under the Agreement and nothing stated herein shall be deemed to have waived, amended or modified any such rights or defenses.

Except as specified herein to the contrary, capitalized terms used in this Acknowledgement shall have the meaning ascribed to such terms in the Agreement.

Sincerely,

[Duke Energy Carolinas, LLC][Duke Energy Progress, LLC]

By:_____
Name:
Title:

Power Plant Controller Output Points			
Analog	**Units of Measure**	**Accuracy**	**Notes**
Estimated Unit Active Power Operating High Limit		± 5 %	Estimated Generation currently possible given current equipment status, equipment characteristics, and current ambient conditions. Calculation based on site rating, percentage of inverters in service, POA irradiance~~, DC/AC ratio~~, ambient conditions, etc.
Estimated Unit Active Power Operating Low Limit		± 5 %	Estimated Minimum Generation currently possible given current equipment status, equipment characteristics, and current ambient conditions. Calculation based on site rating, percentage of inverters in service, POA irradiance~~, DC/AC ratio~~, ambient conditions, etc.
Air Temperature	Degrees Celsius	± 1°	
Back Panel Temperature	Degrees Celsius	± 1°	Temperature sensor mounted behind a solar photovoltaic panel.
Plane Of Array Irradiance- Primary Meter	Watts/Meter Sq.	± 25 W/m²	Measured with a Class II pyranometer or equivalent equipment. For fixed-tilt sites, the sensor shall be mounted on a meteorological station facing the same angle and direction as the solar photovoltaic panels at the site. For tracking sites, the sensor shall be mounted on a tracker to be oriented at the same angle and direction as the solar photovoltaic panels at the site.
Plane Of Array Irradiance- Secondary Meter	Watts/Meter Sq.	± 25 W/m²	Measured with a Class II pyranometer or equivalent equipment. For fixed-tilt sites, the sensor shall be mounted on a meteorological station facing the same angle and direction as the solar photovoltaic panels at the site. For tracking sites, the sensor shall be mounted on a tracker to be oriented at the same angle and direction as the solar photovoltaic panels at the site.
Global Horizontal Irradiance	Watts/Meter Sq.	± 25 W/m²	Measured with a Class II pyranometer or equivalent equipment. The sensor shall be mounted on a metrological station set at the global horizontal angle of the earth in reference to the sun solar radiation.
Global Horizontal Diffuse Irradiance	Watts/Meter Sq.	± 25 W/m²	Measured with a Class II pyranometer or equivalent equipment. All Solar irradiance coming from the sky and other reflected surfaces except for solar radiation coming directly from the sun and the circumsolar

			irradiance within approximately three degrees of the sun. Global diffuse irradiance sensors follow the same accuracy and mounting requirements as the GHI sensors but shall be designed to measure diffused irradiance.
Direct Irradiance (Optional)	Watts/Meter Sq.	± 25 W/m²	Measured with a Class II pyranometer or equivalent equipment. Solar irradiance arriving at the earth's surface from the sun's direct beam, on a plane perpendicular to the beam and is typically measured on a solar tracker.
Number of Inverters in Ready Status			Sum of the Number of inverters currently in service. Can be a decimal if one or more inverters are partially available.
Digital	**Status**	**Accuracy**	**Notes**
Active Power Dispatch Event	ON/OFF		ON indicates the resource is currently being dispatched to the Active Power Automatic Generation Control Setpoint.
Plane Of Array Irradiance- Primary Meter Status	ON/OFF		Communications Online Offline Status
Plane Of Array Irradiance- Secondary Meter Status	ON/OFF		Communications Online Offline Status

For Facilities equipped with DC tied, behind a solar inverter, Storage Resources the following Power Plant Controller Output Points shall also be reported to Buyer[1]

Analog	**Units of Measure**	**Accuracy**	**Notes**
Unit Net MW			The resource's real power output measured at the low side of the step-up transformer.
Unit Gross MW			The resource's real power output before subtracting the auxiliary real power load or step-up transformer real power losses.
Unit Auxiliary MW			The resource's real power load the generating unit provides to maintain its station service power.
Storage Device Active Power Operating (Discharging) High Limit	+MWs		Storage Device's Active Power Operating High Limit given current equipment status, equipment characteristics, and current ambient conditions.
Storage Device Active Power Operating (Charging) Low Limit	-MWs		Storage Device's Active Power Operating Low Limit given current equipment status, equipment characteristics, and current ambient conditions.

[1] For non-DC tied, behind a solar inverter, Storage Resources Buyer may require additional Power Plant Controller Output Points to be reported upon reasonable notice to Seller.

Number of Storage Device DC-DC Converters in Ready Status			Sum of the Number of DC-DC Converters currently in service. Can be a decimal if one or more DC-DC Converters are partially available.
Allowable Depth of Discharge	MWh		MWh energy storage potential, considering OEM recommendations and any emergent operating limitations, at a given point in time.
State of Charge			Percentage of the Allowable Depth of Discharge currently charged within the storage device. Example: A nameplate rated 10 MWh storage device is currently allowed to store energy up to 80% of its nameplate rating and down to 20% of its nameplate rating. The storage device currently has 4 MWhs stored in the device. The Allowable Depth of Discharge is 10 MWh *80% - 10 MWH * 20% = 6 MWh The State of Charge = 4 MWh / 6 MWh = 66.66%
Max MWh Charge			Maximum amount of energy currently allowed to be stored in the energy device given current equipment status, equipment characteristics, and current ambient conditions.
Min MWh Charge			Minimum amount of energy currently allowed to be stored in the energy device given current equipment status, equipment characteristics, and current ambient conditions.
Bulk Discharge Window Start Timestamp			The Timestamp of the start of the next Bulk Discharge Window.
Bulk Discharge Window End Timestamp			The Timestamp of the end of the next Bulk Discharge Window.
Bulk Discharge Window Active Power Setpoint			Active Power Setpoint for the current or next Bulk Discharge window taking into account the storage device's current State of Charge and Allowable Depth of Discharge.
Digital	**Status**	**Accuracy**	**Notes**
Storage Device Breaker Status	OPEN/CLOSED		Indicates whether a the Unit Generator Breaker is Open or Closed.

Exhibit 10
Energy Storage Protocol

1. The Storage Resource must be on the DC side of the inverter and charged exclusively by the Facility.

2. The Storage Resource will be controlled by the Seller, within operational limitations described below.

3. The maximum output of the Facility, including any storage capability, at any given time shall be limited to the Facility's Contract Capacity as specified in the Agreement.

4. The discharge of stored energy is not permitted while the Facility has received or is subject to a curtailment instruction (i.e., System Operator Instruction) from the system operator.

5. Ramp rates for Storage Resource shall not exceed 10 percent of the Storage Resource's capacity (MW) on a per minute basis, up or down, unless the Storage Resource is ramping to mitigate Solar Integration Services Charge, in which case the ramp rate limitation does not apply.

6. Scheduling for capturing peak pricing periods and other storage limitations:
   a. For all (winter and summer) months/days with capacity rate hours ("Capacity Hours"), the Seller shall distribute any discharge of the storage device in a manner that levelizes (holds constant) the output of the ~~storage~~ Facility (the combined output of the generator and the storage device) at the highest practical level over the duration of the Capacity Hours of such calendar day, except as limited by ramp rate criteria, inverter capability, and the Facility's Contract Capacity as specified in the Agreement.
      i. For any storage discharge occurring on weekends and holidays where only Off-Peak energy rates apply, the Seller shall apply the same discharge logic (same hours for any desired discharge) that is applied to Weekdays/non-Holidays, for the respective month.
   b. For the remaining (shoulder) months without Capacity Hour windows, the Seller shall distribute any discharge of the storage device in a way that levelizes (holds constant) the output of the Facility (the combined output of the generator and the storage device) ~~storage~~ at the highest practical level during the full am on-peak energy period and/or full pm on-peak energy period of the Seller's discretion, except as limited by ramp rate criteria, inverter capability, and the Facility's Contract Capacity as specified in the Agreement.

7. Company reserves the right to add or modify operating restrictions specified in these Energy Storage Protocols to the extent necessary to comply with NERC Standards as such standards may be modified from time to time during the Term. Any such modification shall be implemented by Company in a Commercially Reasonable Manner and shall be applied to the Facility and Company's own generating assets on a non-discriminatory basis. If Seller can make a commercially reasonable demonstration to Company, which is approved by Company in its

reasonable discretion, that the Facility does not contribute to potential NERC compliance violations for which the modifications have been implemented, then such modifications shall not apply to the Facility.

8. If identification of Capacity Hours changes over the course of the term of the Agreement, Seller will make Commercially Reasonable Efforts to work with Company to adjust the hours of charging/discharging to coincide with these updated hours. However, Seller shall not be obligated to do so in a way that compromises their original economic value contemplated for storage resource.

9. Seller will only be compensated for Energy and Capacity actually provided to Buyer in accordance with the terms of the Agreement.

Notes:

a) Other capitalized terms used in this Exhibit which have not been defined herein shall have the meaning ascribed to such terms in the Agreement to which this exhibit is attached.

LEVITAS - 4

NOTICE OF COMMITMENT TO SELL THE OUTPUT OF A SMALL POWER PRODUCER QUALIFYING FACILITY TO Duke Energy Carolinas, LLC or Duke Energy Progress, LLC (South Carolina)

This notice of commitment form establishes a binding legally enforceable obligation on behalf of the small power producer qualifying facility ("QF"), further described as "Seller" below, committing to sell and deliver the full energy and capacity output of a proposed QF generating facility to Duke Energy Carolinas, LLC or Duke Energy Progress, LLC (the "Company") as provided for in S.C. Code Ann. § 58-41-20(D) and 18 C.F.R. 292.304(d)(2).

Instructions to QF: The QF shall deliver, via certified mail, courier, hand delivery or email, its executed Notice of Commitment to:

Duke Energy - Distributed Energy Technologies
400 South Tryon Street
Mail Code: ST 14A
Charlotte, North Carolina 28202
Attn.: Wholesale Renewable Manager
DERContracts@duke-energy.com

Any subsequent notice that a QF is required to provide to Company pursuant to this Notice of Commitment shall be delivered to the same address by one of the foregoing delivery methods.

1. **[_____]** ("Seller") hereby commits to sell and deliver to the Company all of the electrical output of the Seller's QF described in Seller's self-certification of QF status filed with the Federal Energy Regulatory Commission in Docket No. QF _____ (the "Facility"), located at _____ (the "Project Site"). (Note: QFs with a net power production capacity of 1 MW or less that are exempted from obtaining QF certification may alternatively provide a physical address and description of the Facility, which shall be designated the "Project Site.")

2. The name, address, and contact information for Seller is:

_____ Telephone: _____

_____ Email: _____

_____

3. By execution and submittal of this binding legally enforceable obligation to sell and deliver the output of the Facility for the Delivery Term (the "Notice of Commitment"), Seller certifies as follows:

~~i. Within 365 days of the Submittal Date (as defined below), Seller will achieve commercial operation and shall commence delivery of its electrical output to the Company for the committed Delivery Term specified by Seller in 3.ii below.~~

~~ii.~~i. Seller obligates itself to deliver its full electrical output to the Company for a period of *[2 years, 5 years, 10 years]* (the "Delivery Term").

~~iii.~~ii. The documents attached hereto as Exhibit A confirm that Seller has secured ~~(A)~~ control of the Project Site for at least the length of the Delivery Term~~, and (B) all required land use approvals and environmental permits necessary to construct and operate the Facility at the Project Site.~~

~~iv.~~iii. Seller has requested to become an Interconnection Customer of the Company, as that term is defined in the South Carolina Generator Interconnection Procedures, and ~~the Company has notified the Seller that its Interconnection Request application is complete~~either (1) Seller has received a System Impact Study Report, or (2) one year has elapsed since the filing of an Interconnection Request for the QF under any applicable interconnection tariff.

~~v.~~iv. The information the QF provided in its self-certification with the Federal Energy Regulatory Commission (FERC Form 556) is accurate as of the Submittal Date.

4. The mutually-binding legally enforceable obligation established by this Notice of Commitment shall take effect on its "Submittal Date" as hereinafter defined. "Submittal Date" means (i) the receipted date of deposit of this Notice of Commitment with the U.S. Postal Service for certified mail delivery to the Company, (ii) the receipted date of deposit of this Notice of Commitment with a third-party courier (e.g., Federal Express, United Parcel Service) for trackable delivery to the Company, (iii) the receipted date of hand delivery of this Notice of Commitment to the Company at the address set forth above, or (iv) the date on which an electronic copy of this Notice of Commitment is sent via email to the Company if such email is sent during regular business hours (9:00 a.m. to 5:00 p.m.) on a business day (Monday through Friday excluding federal and state holidays). Emails sent after regular business hours or on days that are not business days shall be deemed submitted on the next business day.

5. By execution and submittal of this Notice of Commitment, Seller acknowledges that the date of the QF's binding legally enforceable obligation to sell the Facility's full capacity and energy output to the Company ("LEO Date") will be determined as of the Submittal Date. Rates for purchases from the Facility will be based on the Company's avoided costs as of the LEO Date, calculated using data current as of the LEO Date.

6. This Notice of Commitment shall automatically terminate and be of no further force and effect in each of the following circumstances:

i. Upon execution of a power purchase agreement ("PPA") between Seller and Company.

ii. If Seller does not execute a PPA within 90 days (as such period may be extended by mutual agreement of Seller and Company for a period not to exceed 365 days from Submittal Date) after the Company's delivery of an "executable" PPA to the Seller that contains all information necessary for execution and which the Company has requested the Seller to execute and return, provided, however, that if a final interconnection agreement for the Facility has not been tendered to Seller prior to the expiration of such deadline, the deadline for execution of the PPA shall be automatically extended until the date that is five business days after the date that the final interconnection agreement is tendered to the Seller.

iii. If ~~the~~ Seller ceases (a) to have control of the Project Site, (b) to be an interconnection customer of the Company, or (c) to be certified as QF with FERC, and any such deficiency has not been cured within ten (10) business days ~~does not commence delivery of its electrical output to the Company within 365 days of the Submittal Date~~.

7. Termination of this Notice of Commitment shall result in termination of the LEO ~~and the Seller shall only be offered an as-available rate for a two-year period following expiration or termination of this Notice of Commitment. Thereafter, the Seller may elect to submit a new Notice of Commitment Form to establish a new LEO~~.

8. In the event of Termination of the LEO (except where the LEO is terminated upon execution of a PPA between Seller and the Company pursuant to Paragraph 6(i) herein) Seller shall be liable to the Company for liquidated damages in the amount of $5,000 per MW AC up to 20 MW and $2,000 per MW AC above 20 MW, based on the nameplate capacity of the Facility as described in Seller's FERC Form 556 on file with FERC as of the Submittal Date. ~~Seller will make the Company whole for any damages or expenses arising from Seller's breach of any warranty, representation, or covenant in this Notice of Commitment~~.

9. Notwithstanding the foregoing, in the event that the combined estimated cost of the interconnection facilities and network upgrades required to interconnect the Facility to the System, as set forth in the system impact study delivered by the Transmission Provider to Seller, exceed $75,000 per MW AC of the Facility's Nameplate Capacity, Seller shall have the right to terminate the LEO established pursuant to this form with no liability to the Company by providing the Company written notice of termination within ten (10) business days of receipt of the system impact study.

[*signature page follows*]

I swear or affirm, in my capacity as a duly-appointed officer of the Seller, that I have personal knowledge of the facts stated in this Notice of Commitment, I am competent to testify to those facts, and I have authority to make this binding legally enforceable obligation to the Company on behalf of Seller. I further swear or affirm that all of the statements and representations made in this Notice of Commitment are true and correct as of the date hereof. I further swear or affirm that Seller will comply will all requirements of this Notice of Commitment.

_____

By

_____

Name

_____

Title

_____

Date

Exhibit A

[Seller to Attach Documents Establishing Site Control for Delivery Term ~~and Required Land Use Approvals and Environmental Permits Necessary to Construct and Operate the Facility at the Project Site~~]